UNIVERSAL REGISTRATION DOCUMENT

2023

ANNUAL FINANCIAL REPORT 2022

SOCIETE GENERALE

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ABBREVIATIONS USED:

Millions of euros: EURm / **Billions of euros:** EURbn / **FTE:** Headcount in Full-Time Equivalents

Rankings: the source for all references to rankings is given explicitly. Where it is not, rankings are based on internal sources.

SOCIETE GENERALE

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ANNUAL FINANCIAL REPORT 2022

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 13 March 2023 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This document is a translation into English of the Annual Financial Report/Universal Registration Document of the Company issued in French and is available on the website of the Issuer.

The Universal Registration Document is a copy of the official version of the Universal Registration Document which has been prepared in XHTML format and is available on the Issuer's website.

MESSAGE

FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER


LORENZO BINI SMAGHI
Chairman of the
Board of Directors

2022 marked a decisive stage in the transformation and development of Societe Generale. The Group succeeded in posting a record underlying performance while adapting quickly and effectively to a complex and uncertain environment. We have also achieved key strategic milestones, creating value for the future of our Group.

Excellent performance of our businesses

In 2022, the Group's business lines demonstrated once again their ability to deliver very good commercial performance in a demanding environment. Our revenues are growing strongly, reaching a historical level of more than EUR 28 billion, with record performances from our Financing & Advisory and Market activities and from our subsidiary ALD; strong growth in Private Banking and International Retail Banking; and solid performance in our French Retail Banking activities.

The commercial momentum was accompanied by a sharp improvement in the cost/income ratio thanks to firm control over our costs and risks, resulting in a record underlying net income.

Faced with the outbreak of the war in Ukraine at the beginning of the year, we managed our exit from Russia by selling our Russian activities with no significant capital impact. Overall, we strengthened our CET1 capital ratio to 13.5%, well above the regulatory requirement.

Significant strategic progress

2022 also saw the roll-out of major strategic projects that underpin ambitious goals for the Group's future.

We continued to flawlessly execute ongoing strategic initiatives, in line with our commitments. The legal merger of the Societe Generale and Crédit du Nord retail networks, effective 1 January 2023, marks both the culmination of a long process of collective effort and the fresh momentum that we are bringing to French Retail Banking under the new brand SG. Built on a new relationship model, SG will be more accessible and responsive to its 10 million customers, with a local presence in all the regions of France, as well as a bank that stands for expertise and responsibility. Boursorama significantly consolidated its leading position in online banking in France by welcoming a record number of new clients: 1.4 million over the year, for a total of 4.7 million at the end of 2022. We also successfully pursued our strategic roadmap in Global Banking and Investor Solutions, our developments in International Retail Banking in Europe and Africa, as well as in bancassurance, while drawing on the steady progress of our digital transformation to serve our clients and improve our operational efficiency.

This year, we also launched highly ambitious new development projects in mobility, with ALD's planned acquisition of LeasePlan, as well as in the equity research and execution activities, with the project to create the Bernstein joint venture, which will enable us to position ourselves among the world leaders in these areas.

New CSR ambition

Our Group also puts Corporate Social Responsibility at the heart of its strategic roadmap. Leveraging from the concrete achievements made over the last years, we defined in 2022 our new CSR ambition with the aim of accelerating the decarbonisation of our business portfolios, as a priority in the energy sector, acting for biodiversity and having a positive local impact. Our objective is to integrate CSR at the centre of our businesses' roadmaps and in the Bank's management, roll out CSR training programmes for all Group staff and allow them to proactively support our clients in a fair environmental and social transition. We have set a target to dedicate EUR 300 billion in sustainable financing between 2022 and 2025; at the end of 2022, we had already exceeded EUR 100 billion. We also act in line with our commitment to being a responsible employer, in particular through the implementation of our diversity and inclusion initiatives. Numerous awards and extra-financial rankings attest to the Group's proactive approach on the various dimensions of our CSR ambitions, placing us among the global banking leaders in the field.

2023, a year of transition

After simplifying our business model, embarking on profound transformations, and investing in profitable growth businesses over the last few years, we continue to execute our roadmap with discipline.

Most of our major strategic projects will come to fruition in 2023, and the year will also see a transition at the top management of the Group. At the Annual General Meeting of 23 May 2023, we will invite our shareholders to elect Slawomir Krupa as Board member, and he will then be appointed Chief Executive Officer. This transition has been carefully prepared, under the aegis of the Board of Directors and its Nomination and Corporate Governance Committee. Slawomir Krupa, drawing on his remarkable international career within the Group, has all the skills to lead Societe Generale with determination and success towards the next stages of its development.

The year 2023 will additionally be a year of transition from a financial perspective, with revenues expected to decline in French Retail Banking, given the specificities of the French market facing a sharp increase in interest rates. It is also the final year of contributing to the establishment of the European Single Resolution Fund, which had an important negative impact on our books. Building on the commercial momentum of our business lines and the soundness of our balance sheet, we are confident in the 2024-2025 outlook and in the Group's ability to reap the benefits of ongoing initiatives, and confirm the financial targets set for 2025.

In an environment that is still highly uncertain, with many structural challenges facing our societies, the Group is attentive to the expectations of its various stakeholders and remains resolutely committed to putting its corporate purpose into action to **build together, with our clients, a better and sustainable future.**

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FRÉDÉRIC OUDÉA
Chief Executive Officer

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KEY FIGURES AND PROFILE OF SOCIETE GENERALE

2022: RECORD UNDERLYING RESULTS AND FINANCIAL SOLIDITY

RECORD REVENUES

€28.1BN
+9.3%[1] VS. 2021

(1) Adjusted for exceptional items.

NET INCOME

€5.6BN (Underlying)[1]
€2.0BN (Reported)

SOLID CAPITAL

CET1 13.5%[2]

(2) Phased-in ratio.

2022: EXCELLENT PERFORMANCE ACROSS BUSINESS LINES

FRENCH RETAIL BANKING

€8.8BN
+4.1%

Revenue growth

€1.45BN

Net income

INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

€9.1BN
+17.9%*

Revenue growth

€2.38BN

Net income

GLOBAL BANKING & INVESTOR SOLUTIONS

€10.1BN
+14.3%

Revenue growth

€2.43BN

Net income

*Adjusted for changes in Group structure and at constant exchange rates.

2022: A DECISIVE STEP IN OUR STRATEGY OF SUSTAINABLE AND PROFITABLE GROWTH

MAJOR ACHIEVEMENTS IN STRATEGIC INITIATIVES

- Creation of the new retail bank in France, SG
- Record new client growth by Boursorama
- Plan to acquire Leaseplan by ALD to create a global leader in sustainable mobility
- Joint-venture plan with Alliancebernstein to create a global leader in research and cash equities

NEW CSR AMBITION

- Acceleration in the environmental transition with new decarbonisation objectives
- Development in supporting our clients and of our contribution to sustainable finance
- Launch of an ESG transformation programme with an extensive staff training programme

ACCELERATE THE DIGITAL TRANSFORMATION OF OUR BUSINESSES

- Continue the roll-out of the data-driven and digital strategy to better serve our clients
- Improve operational efficiency with new technologies
- Develop the strong potential of our new business models:
  - Société Générale Forge
  - Treezor
  - Shine
  - Reezocar

1.1 HISTORY

On 4 May 1864, Napoleon III signed Societe Generale's founding decree. Founded by a group of industrialists and financiers driven by the ideals of progress, the Bank's mission has always been "to promote the development of trade and industry in France".

Since its beginnings, Societe Generale has worked to modernise the economy, following the model of a diversified bank at the cutting edge of financial innovation. Its retail banking branch network grew rapidly throughout the French territory, increasing from 46 to 1,500 branches between 1870 and 1940. During the interwar period, the Bank became the leading French credit institution in terms of deposits.

At the same time, Societe Generale began to build its international reach by financing infrastructure essential to the economic development of a number of countries in Latin America, Europe and North Africa. This expansion was accompanied by the establishment of an International Retail Banking network. In 1871, the Bank opened its London branch. On the eve of World War I, Societe Generale had a presence in 14 countries, either directly or through one of its subsidiaries. This network was then expanded by opening branches in New York, Buenos Aires, Abidjan and Dakar, and by acquiring stakes in financial institutions in Central Europe.

Societe Generale was nationalised by law on 2 December 1945 and played an active role in financing the reconstruction of France. The Bank thrived during the prosperous post-war decades and contributed to the increased use of banking techniques by launching innovative products for businesses, including medium-term discountable credit and lease financing agreements, for which it held the position of market leader.

Societe Generale demonstrated its ability to adapt to a new environment by taking advantage of the banking reforms that followed the French Debré laws of 1966-1967. While continuing to support the businesses it partnered, the Group lost no time in focusing its business on individual clients. In this way, it supported the emergence of a consumer society by diversifying the credit and savings products it offered private households.

In June 1987, Societe Generale was privatised with a successful stock market launch and shares offered to Group staff. The Group developed a universal banking strategy, in particular through its Corporate and Investment Banking activities, to support the worldwide development of its customers. In France, it expanded its networks by founding Fimatex in 1995, which later became Boursorama, now France's leading online bank, and by acquiring Crédit du Nord in 1997. Internationally, it established itself in Central and Eastern Europe through Komerční banka in the Czech Republic and BRD in Romania while consolidating its growth in Africa in Morocco, Côte d'Ivoire Senegal and Cameroon, among other countries. Building on the professionalism of its teams and the relationship of confidence developed with its clients, the Bank continues its process of transformation by adopting a sustainable growth strategy driven by its core values of team spirit, innovation, responsibility and commitment.

In January 2023, the Group announced the creation of its new retail bank in France, SG, following the merger of its two retail banking networks in France, Societe Generale and Crédit du Nord, in order to offer its customers greater proximity, responsiveness, expertise and responsibility.

Today, the Group has more than 117,000 members of staff[(1)] active in 66 countries. Firmly focused on the future by helping clients bring their projects to life, Societe Generale is committed to the two major revolutions of digital technology and environmental transition and social change to support its clients, have a positive impact on the world and embody the bank of the 21st century. Drawing on nearly 160 years of expertise at the service of its clients and the sustainable development of economies, the Societe Generale Group defined its purpose as **"Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions"**.

(1) Headcount at end-2022 excluding temporary staff.

1.2 PROFILE OF SOCIETE GENERALE

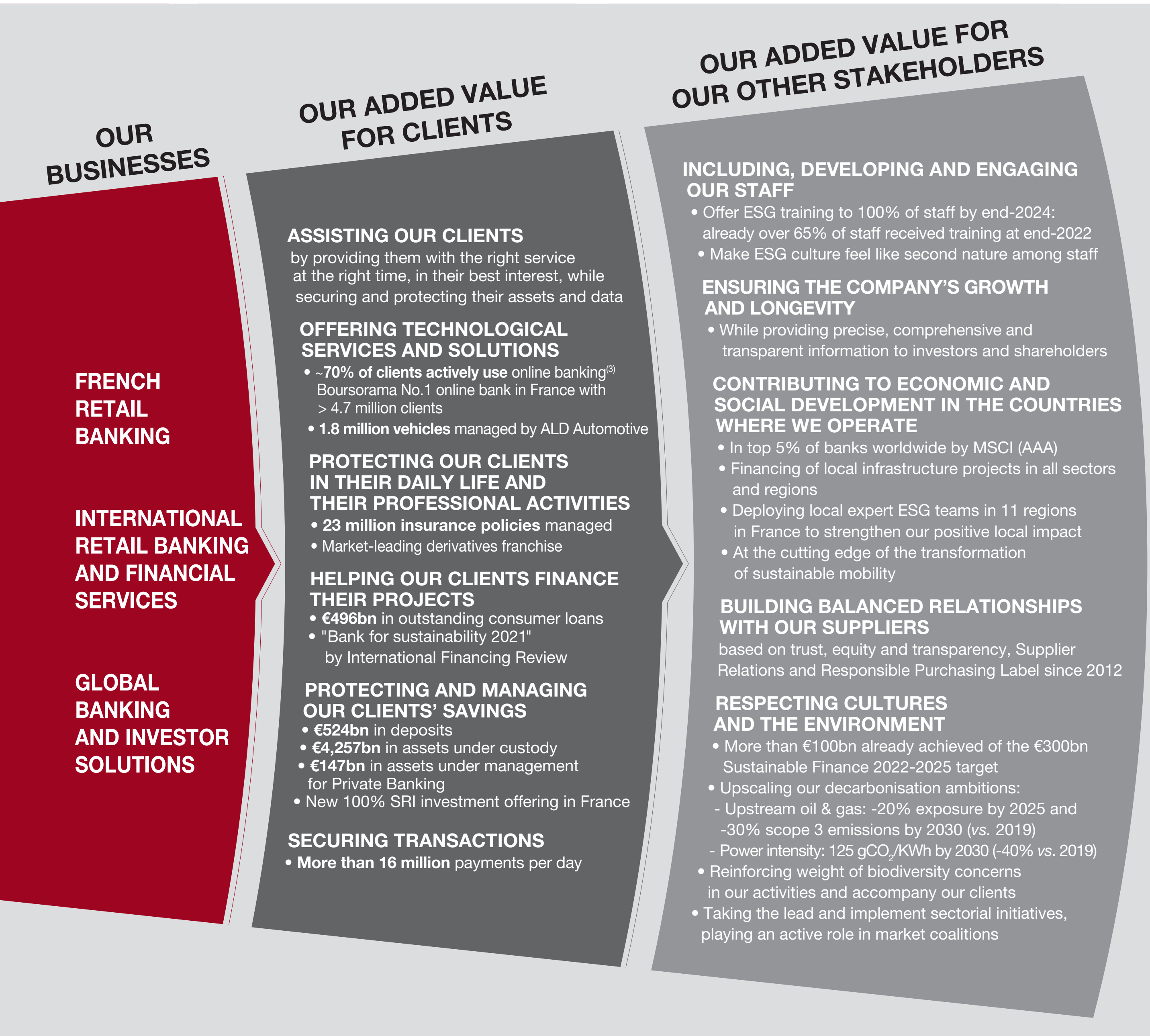
BUSINESS MODEL

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, anchored solidly in Europe and connected to the rest of the world, Societe Generale employs over 117,000 members of staff[1] in 66 countries and supports on a daily basis 25 million individual clients, businesses and institutional investors[2] around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- French Retail Banking, with the SG bank, resulting from the merger of the two Societe Generale and Crédit du Nord networks, and Boursorama. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;

(1) Headcount at end-2022 excluding temporary staff.
(2) Excluding policyholders of Group insurance companies.



- International Retail Banking, Insurance and Financial Services, with networks in Africa, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- Global Banking and Investor Solutions, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale follows a strategy of responsible growth, fully integrating its CSR engagements and commitments to all its stakeholders: clients, staff, investors, suppliers, regulators, supervisors and representatives from civil society. The Group seeks to respect the cultures and environment of all the countries where it operates.

The Group has an agile organisation based on 14 Business Units (business lines and regions) and 10 Service Units (support and control functions) to encourage innovation and synergies, and best meet the evolving requirements and behaviours of its clients. In a European banking sector undergoing radical industrial change, the Group enters a new phase of its development and transformation.

Additional information on the Group's organisation and key figures is provided below and on pages 10 and following.

Societe Generale is included in the principal socially responsible investment indices: DJSI Europe, FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indices and MSCI Low Carbon Leaders Index (World and Europe).

KEY FIGURES

Results *(In EURm)*	**2022**	**2021**	**2020**	**2019**	**2018**
Net banking income	28,059	*25,798*	22,113	24,671	25,205
o.w. French Retail Banking	*8,839*	7,777	*7,315*	7,746	*7,860*
o.w. International Retail Banking and Financial Services	*9,122*	8,117	*7,524*	8,373	*8,317*
o.w. Global Banking and Investor Solutions	*10,082*	9,530	*7,613*	8,704	*8,846*
o.w. Corporate Centre	*16*	374	(339)	(152)	*182*
Gross operating income	9,429	8,208	5,399	6,944	7,274
Cost/income ratio	66.4%	68.2%	75.6%	71.9%	71.1%
Operating income	7,782	7,508	2,093	5,666	6,269
Group net income	2,018	5,641	(258)	3,248	3,864
Equity *(In EURbn)*					
Group shareholders' equity	66.5	65.1	61.7	63.5	61.0
Total consolidated equity	72.8	70.9	67.0	68.6	65.8
ROE after tax	2.6%	9.6%	-1.7%	5.0%	7.1%
Total Capital Ratio[(1)]	**19.2%**	**18.7%**	**18.9%**	**18.3%**	**16.5%**
Loans and deposits *(In EURbn)*					
Customer loans[(2)]	496	488	440	430	421
Customer deposits[(3)]	524	502	451	410	399

(1) Figures based on CRR2/CRD5 rules, excluding IFRS 9 phasing for 2020, 2021 and 2022.
(2) Net customer loan outstandings, including lease financing, excluding assets and securities purchased under resale agreements.
(3) Excluding assets and securities sold under repurchase agreements.

Note: figures as published for the respective financial years. Definitions and potential adjustments presented in methodological notes on pages 41 to 45.

1.3 A STRATEGY OF PROFITABLE AND SUSTAINABLE DEVELOPMENT, BASED ON A DIVERSIFIED AND INTEGRATED BANKING MODEL

The Societe Generale Group has built a solid diversified banking model suited to the needs of its 25 million corporate, institutional and individual clients. It is structured around three complementary and diversified businesses, all benefiting from strong market positions:

- French Retail Banking;
- International Retail Banking and Financial Services;
- Global Banking and Investor Solutions.

In the Retail Banking businesses, the Group focuses on development in European markets selected for their growth potential (France, the Czech Republic and Romania) and Africa where it has an historic presence, refined understanding of the markets and top-tier positions. In International Financial Services, Societe Generale relies on franchises benefiting from leadership positions worldwide. As part of the Group's prime focus on developing its mobility franchises, it announced ALD's plan to acquire LeasePlan. In the Global Banking and Investor Solutions businesses, the Group provides high value-added solutions to its clients in the EMEA region, the US and Asia. Focused on Europe yet boasting a global network, the Societe Generale Group capitalises on leadership positions driven by cross-business synergies to create value for stakeholders. The Group leverages its diversified model to meet the needs of its corporate and professional clients, as well as its individual clients.

2022 marked a decisive stage for the Group, which was able to deliver very strong commercial performances in all its businesses amid a complex and uncertain economic and financial environment, staying on track to meet its 2025 targets for profitable and sustainable growth. This positive momentum was borne out by solid commercial and financial performances across the board, driven by a record result in Financing & Advisory, Global Markets and ALD, strong growth in International Retail Banking, Financial Services, and in Private Banking and a solid resilience from French Retail Banking. These performances bear out the Group's extensive efforts over several years to strengthen the inherent quality of its businesses, improve operational efficiency and manage risk. It successfully passed key milestones in a number of other strategic projects, in particular:

- completion on 1 January 2023 of the legal merger between Societe Generale and Crédit du Nord, thereby creating a single retail banking entity serving 10 million individual, professional and corporate clients. The operational merger of the two French branch networks will take place over the first half of 2023 with the IT migration of all Crédit du Nord clients to Societe Generale's system;
- accelerated growth of online bank Boursorama, taking the total client base to 4.7 million, including the 315,000 clients that were onboarded following the partnership agreement signed with ING in 2022;
- further development in ALD's long-term rental business which is due to close the deal to acquire LeasePlan in the first half of 2023, notably subject to receiving the remaining approvals and the performance of other standard conditions precedent. Looking to the medium term, the combined entity is poised to become world leader in sustainable mobility solutions;
- consolidating the Group's cash equities activity following the announcement of plans to form a joint venture combining Societe Generale's and Bernstein Research Services' equity research and execution platforms to create a leading global franchise.

The Group also finalised in May 2022 the effective and orderly withdrawal from Russia following the disposal of Rosbank and its Russian insurance subsidiaries.

The Group continued to pursue its selective scarce resource allocation strategy and its focus on achieving the optimal region/offer/client mix, and confirmed its strong resolve to keep costs firmly under control. The adjustments it has made are designed to mark out high-margin growth businesses that enjoy strong commercial franchises and create value for the Group.

Organic growth will continue to be accelerated by unlocking internal synergies not only within each business but also between businesses. This will entail greater cooperation between Private Banking and the Retail Banking networks, cooperation along the entire Investor Services chain, cooperation between the Insurance business and the French and International Retail Banking networks, and cooperation between regions and Global Transaction Banking's activities, among others.

One of the Group's priorities is to push further ahead with its commercial development, focusing on quality of service, added value and innovation to ensure client satisfaction. Its goal is to become a trusted partner for its clients, making sound use of its digital capabilities to provide them with responsible and innovative financial solutions. To this end, the Group is pursuing various digital transformation and operational efficiency initiatives.

Fully aware of its role in the functioning of the economy, the Group has placed specific strategic importance on its environmental, social and governance commitments.

Environmental and social issues represent society's greatest challenges this century – challenges that have been accentuated by geopolitical tensions and the pandemic.

Profound societal change is called for, involving substantial adjustments to how we produce and consume. This will inevitably give rise to a number of difficulties and constraints, but Société Générale also sees business opportunities in these transformations by contributing to the financing of the fair and inclusive environmental transition. According to the International Energy Agency, achieving NZE by 2030 will call for almost USD 4,000 billion in investments each year, an unprecedented amount for such a limited timeframe.

If it is to meet its stakeholders' expectations and help its clients address these challenges, the Group needs to press on with its own transformation, making environmental and social issues a key factor in its decision-making processes and offering its clients financing and investment solutions adapted to their new needs. With this in mind, Societe Generale is training its teams on the transition challenges specific to each sector and developing a more holistic approach to how it analyses both financial and non-financial risk. The Group wants to do more than simply offer financial advice. It has put together teams with expert knowledge of the issues relevant to its major corporate clients' value chains and established international cross-business working groups to identify emerging ESG standards and come up with ways to meet them. And of course, to ensure the transition is fair and inclusive, the financial system also needs to take care of disadvantaged populations, offering them solutions suited to their situation.

These Corporate Social Responsibility (CSR) challenges are central to Societe Generale's strategy.

Committed to supporting its clients, the Bank has made CSR a core component of all of its businesses, viewing it as an opportunity to innovate and become more sustainable. In response to this new environment and the challenges it brings, and in keeping with the Group's values and what its stakeholders expect from it – based on the findings of the materiality survey carried out in 2021 (see Chapter 5, page 336) – Societe Generale has reaffirmed its CSR ambition for 2025, placing the focus on four main priorities.

Of these, two form the framework for responsible banking:

1. responsible employer (see Chapter 5, page 293-305);
2. culture of responsibility (see Chapter 5, page 302-305).

The other two guide positive changes in connection with the Group's activities:

3. supporting the environmental transition (see Chapter 5, page 314-330);
4. contributing to local communities (see Chapter 5, page 330-335).

The Group has upped its commitments to keep pace with its ongoing transformation: a EUR 300 billion contribution to sustainable finance by 2025, a 50% reduction in its CO_2 emissions by 2030 (compared with 2019 levels) and ESG training for all staff.

Through its geographic presence, the diversity of its businesses and its responsible engagement, Societe Generale also contributes towards the UN's Sustainable Development Goals (SDGs) (for more information, see *https://www.un.org/sustainabledevelopment/sustainable-development-goals/*). This can be clearly seen in the four core themes of its CSR ambition:

Core themes of the Group's CSR ambition	SDG
Responsible employer Monitoring quality of working life and the diversity and professional development of its teams is crucial to encouraging employee engagement within the Group and optimising performances. Societe Generale has undertaken to move the Group forward with five Human Resources priorities: Corporate Culture and Ethics Principles, Professions and Skills, Diversity and Inclusion, Performance and Compensation, Occupational Health and Safety (see "Being a responsible employer", page 293).	4, 5, 8
Culture of responsibility This involves the Group factoring in ESG concerns at the very highest levels of governance, rolling out a robust E&S risk management framework, holding itself to account on its commitments in terms of human rights, the climate and biodiversity and ensuring it operates ethically and responsibly in all aspects of its business (see Chapter 5, page 314).	16
Supporting the environmental transition By assisting clients in transitioning to greener practices through innovative solutions tailored to their evolving needs, Societe Generale is also doing its part to help preserve biodiversity and develop the circular economy while simultaneously aligning its portfolios with a net-zero trajectory.	7, 12, 13
Making a positive impact on local communities This means supporting societal and economic change at a local level, contributing to infrastructure financing and assisting local organisations, SMEs and entrepreneurs, leading the field in sustainable mobility and developing socially inclusive services.	1, 8, 9, 11

The CSR ambition permeates all Group businesses:

- in Retail Banking and Insurance, this means developing a sustainable and socially responsible range of products and services, backed up a stronger regional presence, with local teams of ESG specialists for SMEs and networks of experts on hand to advise clients;
- in Financing and Investment Banking, it means assisting clients in their transition, rethinking how its specialist teams work and freeing them up to devise inventive financing solutions for investments to decarbonise the economy, capitalising on its extensive sector expertise and its partnerships with a broad range of industrial and institutional clients;
- in Mobility, it means being at the cutting-edge of the transition to encourage and support clients looking to switch to more sustainable mobility solutions and cementing its partnerships with key players in the e-mobility sector.

Societe Generale continues to foster a group-wide culture of responsibility and to strengthen its internal control framework, especially its Compliance operations, to meet the banking industry's highest standards. It has also completed the rollout of its Culture & Conduct programme, embedding rules of conduct and strong shared values throughout the entire organisation.

Last, the Group is determined to press ahead with its stringent and disciplined approach to capital allocation and risk management – maintaining credit portfolio quality, keeping up its efforts on operational risk control and compliance.

In line with its strategy of fully addressing its clients' needs and taking into account the new, more demanding regulatory environment, the Group's focus will remain on optimising its consumption of scarce capital and liquidity resources and maintaining a highly disciplined approach to costs and risk management.

Outlook

In 2022, the Board of Directors of Societe Generale decided to propose Slawomir Krupa as director to shareholders to replace Frédéric Oudéa at the General Meeting on 23 May 2023. Once elected, Slawomir Krupa will be appointed Chief Executive Officer by the Board of Directors.

The Group has set the following financial targets for 2023:

- an underlying[(1)] cost to income ratio of between 66% and 68%, excluding the Single Resolution Fund;
- a cost of risk ratio expected to range between 30 and 35 basis points.

Looking further out, the Group is fully on track to achieving its strategic milestones and has set targets for profitable and sustainable growth out to 2025 with:

- average annual revenue growth of 3% or greater over the 2021-2025 period by focusing on growth in the most profitable businesses;
- an improved cost to income ratio equal to or lower than 62% in 2025 and ROTE of 10% based on a targeted CET1 ratio of 12% in 2025;
- disciplined management of scarce resources, in addition to keeping a tight rein on risks, will help strengthen and improve the quality of the Bank's balance sheet;
- stringent loan portfolio management with cost of risk of around 30 basis points in 2025;
- increased use of new technologies and digital transformation;
- commitments in Environmental, Social and Governance areas.

The Board of Directors decided its distribution policy which corresponds to an equivalent of EUR 2.25 per share[(2)]. A cash dividend of EUR 1.70 will be proposed at the General Meeting of Shareholders on 23 May 2023. The dividend will be detached on 30 May 2023 and paid out on 1 June 2023.

The Group is also planning to launch a share buyback programme for a total of arond EUR 440 million, i.e., equivalent to EUR 0.55 per share. The rollout of the programme is subject to the usual approval by the ECB.

In light of the strong financial performance in 2022 and an exceptional year, this distribution level fairly remunerates shareholders and further strengthens the Group CET1 ratio.

French Retail Banking

The French Retail Banking business has made sweeping changes to its model in response to rapidly evolving client behaviours and demand for ever greater convenience, expertise and customised products and services. The pace of this transformation has picked up since 2020, with two major strategic initiatives: the merger of Crédit du Nord and Societe Generale, and moves to ramp up growth at Boursorama. These initiatives are designed to cement the Group's winning combination of a fully online banking model coupled with a network banking model offering both digital and human expertise – a combination that stands out in the French market.

The Group saw the Crédit du Nord-Societe Generale merger through to completion in 2022, with 1 January 2023 marking its legal entry into effect. The resulting new retail banking entity has been branded SG. The IT migration of all Crédit du Nord branches to Societe Generale's system is scheduled for the first half of 2023, with branch mergers and back office changes due to take place progressively as of the second half of 2023 and through to 2025.

SG aims to become a leading banking partner for its 10 million clients within the French market and has set its sights on being among the Top 3 French banks for client satisfaction.

It has introduced a new relationship model, designed to improve the quality of service it provides to its individual, professional and corporate clients and establish SG as a leading operator in the French market for savings, insurance and first-rate solutions addressing corporates and professionals alike.

SG promises its clients convenience, responsiveness, expertise and responsibility. It will be:

- a bank with a greater regional presence. The vast majority of decisions will be taken at regional level, and increasingly in branches and business centres directly. All clients will benefit from a denser branch network, reflecting the strategy of emphasising French Retail Banking's local roots through 11 regional brands grouped under the national SG umbrella;
- an expertise-centric bank, offering services even more tailored to the specific needs of its different types of client. For example, it will set up a private banking entity, assign each professional client a dedicated client relationship manager to handle both their personal and professional banking needs, and appoint more specialists throughout France to assist on savings and insurance matters and to offer its professional and corporate clients Financing and Advisory services;
- an accessible and responsive bank, with streamlined processes to speed up decision-making and reduce response times to customer queries, state-of-the-art digital services enabling clients to perform their day-to-day banking transactions remotely and securely, and a mobile app through which clients can subscribe to a wide range of products and services;
- a responsible bank that makes CSR the linchpin of its new model, adjusting how it is organised and its product and service range to strengthen its positive impact on its clients and local communities. More specifically, each region will have a dedicated CSR consultancy team to help SG step up its financing of the environmental transition and become a major player in the economic and social development of local regions and their ecosystems.

From a financial perspective, the merger will unlock considerable cost synergies. The cost to income ratio of Franch Retail Banking is expected to range between 67% and 69% in 2025 and the return on normative equity (RONE) under Basel IV is targeted at around 10% in 2025.

(1) Underlying data.
(2) Subjet to usual approvals from the General Meeting and the ECB.

French Retail Banking also plans to build on its existing growth drivers. Specifically, this means:

- maximising the potential of its integrated bancassurance model by anticipating changes in the life-insurance market and taking advantage of strong client take-up potential for personal protection and non-life insurance;
- increasing business among corporate and professional clients by providing strategic advisory services and comprehensive solutions;
- leveraging the expertise available in Private Banking to satisfy the expectations of high-net-worth clients in the French networks.

In Wealth Management, Private Banking is moving forward with its strategy of operating in open architecture, distributing savings solutions to clients throughout its network. By offering investment and asset management solutions through partnerships with external asset managers, Societe Generale gives its savers access to the best investment expertise in France and internationally, while at the same time responding to their growing demand for socially responsible investment. The Wealth & Investment Solutions business within Private Banking focuses primarily on structuring savings, asset management and investment solutions for the Group's private banking and retail banking networks, as well as providing structured asset management solutions for its Global Markets clients.

Last, the Group continues to support the development of its online bank. Boursorama offers its clients a broad and diversified range of online banking services, an efficient model and an unbroken 15-year record as the lowest-cost bank on the market[1], resulting in excellent client satisfaction and recommendation scores.

Over 2022, Boursorama increased its lead on the French market, acquiring more than 1.4 million net new clients, bringing its total client base to over 4.7 million by the end of the year. It also finalised its partnership agreement with ING, resulting in around two-thirds of ING's eligible clients transferring to Boursorama, bringing with them some EUR 9 billion in outstandings (half of which was in life-insurance savings).

The Group has confirmed its goal of onboarding an increasing number of clients at Boursorama and has set a target of more than 5.5 million customers by end-2023.

International Retail Banking and Financial Services

International Retail Banking and Financial Services is a profitable growth driver for the Group thanks to its leading positions in high-potential markets, its operational efficiency and digital transformation initiatives, and its ability to unlock synergies with other Group activities. These businesses have undergone a major transformation over the last few years to fully refocus the portfolio, introduce a more optimised model and improve the underlying risk profile. This last point has been illustrated by their orderly pull-out from Russia in response to the worsening conflict in Ukraine. As the conflict escalated, the Group decided to divest Rosbank and its Russian insurance subsidiaries – a transaction completed in May 2022.

International Retail Banking activities are mainly located in regions outside the eurozone. They benefit from positive long-term growth fundamentals and the current uptick in interest rates, despite the prevailing economic uncertainty in those regions due to high inflation. This uncertainty has not affected the Group's plans for its international banking activities – it intends to press on with its strategy of consolidating leadership positions and pursuing responsible growth in Europe and Africa. Its capacity to meet client needs, coupled with its innovative, unique and efficient platforms, will serve it well in this undertaking:

- in Europe, the pandemic sharply accentuated underlying trends, confirming the strategic vision of the Group's target retail banking model, as well as the relevance of the transformation plans undertaken, which place special emphasis on ramping up digital transformation. Accordingly, the Group intends to put the finishing touches to its omnichannel banking model in the Czech Republic with its KB Change 2025 strategic plan and consolidate its franchise status in Romania as one of the country's three leading banks. And now that interest rates are heading back up, retail banking activities in Europe will follow the same upward trajectory, becoming strong growth drivers for the Group. The Group also intends to tap into the full potential of its consumer finance activities in Europe through both its own retail banking networks and its specialist subsidiaries both in France and abroad;
- in Africa, the Group plans to take advantage of the continent's strong potential for economic growth and bank account penetration by building on its leading positions.

As part of the Grow with Africa programme developed in partnership with a panel of international and local partners, Societe Generale has announced several sustainable growth initiatives to foster positive transformation across the continent. Accordingly, the Group is concentrating on providing multidimensional support to African SMEs, funding infrastructure, supporting the energy transition and developing innovative financing solutions.

Financial Services and Insurance enjoy competitive positions and strong profitability, in particular with ALD and Insurance, both of which benefit from robust growth potential. All Financial Services and Insurance businesses are continuing to roll out their programmes to innovate and transform their operational model:

- in Insurance, the Group plans to accelerate the rollout of both its bancassurance model – across all retail banking markets and all segments (life insurance, personal protection and non-life insurance) – and its digital strategy. The aim is to enhance its product range and client experience within an integrated omnichannel framework while diversifying its business models and growth drivers through a strategy of innovation and partnerships. This growth strategy goes hand in hand with greater commitments to responsible finance at SG Assurances;
- in Operational Vehicle Leasing and Fleet Management, the Group is poised to create a global leader in sustainable mobility solutions by acquiring LeasePlan. The resulting new entity would be No. 1 worldwide, excluding captives and financial leasing companies. Representing a total fleet of 3.3 million[2] vehicles at end-September 2022 and with operations in over 40 countries, it would leverage highly complementary expertise and prospective synergies, factors that would serve it well when developing new activities and services in a mobility sector undergoing radical change. Its considerable investment capacity and unparalleled know-how would enable the new entity to take full advantage of the market's strong growth, which is being driven by a number of confirmed trends: the shift from ownership to leasing, the transition towards sustainable mobility solutions, and the sector's digital transformation. Having boosted its investment capacities and unmatched expertise, ALD has positioned itself at the heart of this changing world of mobility, asserting its global leadership to become a fully integrated player in sustainable mobility solutions with the rollout of its Move 2025 strategic plan and the proposed acquisition of LeasePlan. To this end, ALD forged ahead with its active innovation and digitalisation strategy over the year;

(1) Le Monde/Panorabanques.com for 2022, 12 December 2022.
(2) Adjusted for disposals as part of ALD's proposed acquisition of LeasePlan and for the impact of the LeasePlan USA disposal.

- and last, in Vendor and Equipment Finance, the Group plans to build on its leadership position in its top-tier markets in Europe to increase revenue and improve profitability, against a backdrop of higher financing costs as a result of climbing interest rates. It plans to draw on its service quality, capacity for innovation, product expertise and dedicated teams to retain its preferred partner status with vendors and clients alike.

Societe Generale also plans to continue moving forward with its strategy of unlocking synergies between the activities of the various businesses in this division and elsewhere within the Group, with Private Banking and the regional Corporate and Investment Banking platforms, by developing its commercial banking services such as trade finance, cash management, payment services and factoring, and by further developing its bancassurance model.

Global Banking and Investor Solutions

In 2022, Global Banking and Investor Solutions (GBIS) pushed further ahead with initiatives rolled out since 2021 with respect to its five strategic pillars - balancing its business mix, bringing down its profitability threshold, reducing its idiosyncratic risk profile, increasing its share of CSR-native businesses and expanding the reach of its digitalisation.

Global Banking and Investor Solutions stands on strong foundations: it has built up a solid and stable diversified client base, high value-added product franchises and and recognised sector expertise backed by a global network. GBIS serves the financing and investment requirements of large and diversified client base spanning corporates, financial institutions and public-sector entities. Having undergone considerable transformation in recent years – reducing its breakeven point, de-risking the Global Markets business and adjusting the balance between its businesses – GBIS is now focused on delivering value to all its stakeholders through sustainable and profitable growth.

Its growth strategy reflects where the opportunities for economic growth currently reside, *i.e.,* increased financing needs for infrastructure and the energy transition, greater investment in private debt and the growing demand for savings solutions. At the same time, Global Banking and Investor Solutions is gradually and methodically recalibrating its businesses, particularly Global Markets and Financing and Advisory, making targeted capital allocations to growth initiatives for particular client segments, businesses and regions. In particular, the plans to form a joint venture in cash equities with AllianceBernstein, announced in November 2022, will bring further diversification to the Group’s investment banking activities and offer its large clients premier strategic expertise and insights.

The Group is therefore maintaining its unrelenting focus on:

- reducing costs to improve operating leverage without business attrition and in keeping with its long-term commitment to disciplined cost control;
- adopting stringent management of both market and credit risks – notably against a backdrop of weaker market risk appetite – and prudent management of its counterparty risk, aiming to maintain a healthy diversification of all risk categories across its businesses.

RECENT DEVELOPMENTS AND MACROECONOMIC AND REGULATORY OUTLOOK

The uncertainty unleashed by the war in Ukraine continues to run rife and is fuelling supply chain disruptions in both goods and services, especially for energy and foodstuffs. In Europe, gas supply problems may continue even beyond 2023, with knock-on effects on electricity prices. A harsh winter and a decision by Russia to completely shut off the gas taps could make gas rationing a reality.

The coming quarters should see the remaining pandemic-related restrictions in China gradually lifted. Worldwide, the pandemic risk persists, however, necessitating investment in prevention and vaccines. But in emerging countries, this investment is likely to fall short of requirements, meaning that pandemic-related risks will continue to weigh on the global growth outlook.

Economic activity has slowed due to inflation and the resulting cost-of-living crisis, as well as economic policy tightening. Job markets and household savings are nonetheless holding up well in the more advanced economies, which should enable them to avoid slipping into deep recession. Technical recessions, on the other hand, are to be expected in both the US and Germany over 2023. We are likely to see a greater number of bankruptcy filings under the combined effects of the economic slowdown, tightening of financial conditions and higher debt levels.

Looking beyond 2023, rising interest rates will hamper the recovery. Although rates appear to have peaked, the lag effects of monetary tightening will continue to feed through to the economy. Financial conditions will also be affected by central banks continuing (the case of the Fed) or starting (the case of the ECB) to shrink their balance sheets.

Last, geopolitical divisions will remain a structural drag on global trade and capital flows.

In light of this, the Group's baseline scenario is for global growth of 2.2% in 2023 after 3.1% in 2022. Looking forward beyond 2023, recovery will continue to be damped by a higher interest environment.

The 2022 regulatory landscape was marked by the specific measures taken in response to Russia's invasion of Ukraine: successive waves of unprecedented sanctions, aid packages for refugees and companies affected by the war, and debate over how to reform hard-hit European energy markets.

- The European Commission has temporarily lifted certain restrictions on State aid, freeing up member states to bolster their economies with targeted measures. In France, the financial support measures implemented for businesses during the pandemic have been adapted to help with the economic fallout from the war: new government-backed "Resilience" loans were introduced, the recovery loan scheme was extended and thought is being given to fuel subsidies. Unlike Germany and its Nordic neighbours, however, France has not introduced an ad hoc government-backed mechanism for utilities experiencing difficulties in paying down soaring margin calls on energy derivatives markets. In response to the shockwaves that rocked energy derivatives markets in the spring and summer of 2022, the European authorities are looking into what can be done to make trading and clearing on these markets more stable and resilient going forward.
- The European Commission (EC), the European Central Bank (ECB) in its capacity as prudential supervisor, the European Banking Authority (EBA) and the French High Council for Financial Stability (HCSF) had all used the flexibility afforded them under prudential regulations to take action to preserve the liquidity and solvency of banks during the Covid-19 pandemic. They are now phasing out these measures, despite the ongoing conflict in Ukraine. Given that borrowing levels remain strong, the the HCSF decided on 7 April 2022 to start normalising its countercyclical capital buffer rate for French banks, raising it from 0% to 0.5% from 7 April 2023.

In addition to these measures prompted by the prevailing economic conditions, progress was also made in 2022 on a number of structural regulatory projects designed to strengthen the prudential framework, support environmental and digital transitions, protect consumers and develop European capital markets:

- significant headway was made in negotiations on the CRD6/CRR3 proposal implementing the Basel Accords. A final compromise text is expected during Q1 2023. The European Council's position leaves the main thrust of the Commission's proposal unchanged and rubber-stamps certain measures advocated by the banking sector. Although the European Parliament's position is less clear (the rapporteur is in favour of sticking to a strict transposition of the Basel Accords), the final compromise text is unlikely to fundamentally differ from the Commission's proposal.

  Uncertainty prevails over the timetable for rolling out this reform in the main non-EU jurisdictions, which is not expected to coincide with the Basel timetable of 1 January 2025;
- despite outward enthusiasm for getting the ball rolling again on finalising plans for a banking union, there was no breakthrough in the talks between European finance ministers in the first half of 2022. Instead, they discussed how to reform the crisis management framework and tasked the European Commission to come up with proposals. The Commission has announced that it will publish draft legislation to harmonise and extend the EU's resolution framework in Q1 2023;
- over the course of 2022, the EU added to its regulatory arsenal designed to redirect capital flows towards more sustainable activities and make the financial system more resistant to climate risks. Major new legislation was passed, such as the Corporate Sustainability Reporting Directive, which will enter into effect as from 2024; the European Financial Reporting Advisory Group (EFRAG) has already issued its initial proposals for reporting standards. Negotiations on the proposed Corporate Sustainability Due Diligence Directive kicked off in 2022 and will continue throughout 2023. Eligibility reporting under the EU's Green Taxonomy began in 2022, ahead of alignment reporting, which will become mandatory for non-financial corporates as from 2023 and for firms in the financial sector as of 2024.

  The EU also introduced requirements for banks to be more thorough in addressing their exposure to climate and sustainability risks and more transparent about disclosing ESG risks in their prudential publications. The ECB conducted climate stress tests in 2022 and the Commission now includes ESG risks when reviewing the prudential framework. Starting in 2023, credit institutions will have to publish detailed information on their exposure to climate risks. The European Parliament made the prudential treatment of significant GHG-emitting assets part of the CRD6/CRR3 proposal implementing the Basel Accords, pre-empting the conclusions of the European Banking Authority (EBA) on the issue, expected in 2023.

With other national and international initiatives fast multiplying, the question of how the EU's legislation will interact with measures introduced outside its borders is more relevant than ever. The EU will want to reassert its role as pioneer in the field and avoid any distortion of competition with non-EU operators;

- digital transformation remained high on the regulatory agenda. Work continued on the legislation proposed in 2021: progress was made on the digital finance action plan and an agreement was reached on the Markets in Crypto-Assets (MiCA) Regulation (which will give rise to various Level 2 measures) in June 2022, and on the Digital Operations Resilience Act (DORA), designed to strengthen cybersecurity and the monitoring of outsourced services, in May. Headway was also made in discussions on initiatives concerning artificial intelligence, digital identity and the free movement of data.

  In the wake of its targeted consultation, the Commission is expected to soon announce proposals on open finance, which will feed into fundamental discussions surrounding payments and retail banking (such as on the European Payment Initiative and how to generalise instant payments faster). The PSD2 evaluation and the ECB's proposal for a central bank digital currency – both slated for the first half of 2023 – will be key steps in this respect;

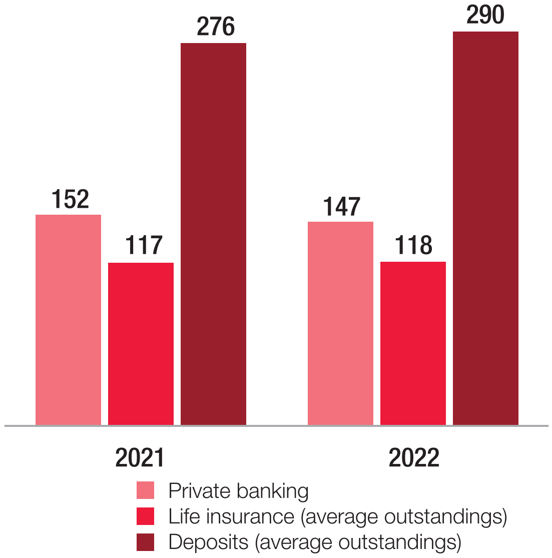
- consumer issues also commanded considerable attention both in France and at European level. The European Parliament and Council reached agreement on a revised Consumer Credit Directive at the beginning of December, heralding change for the small consumer loan market. And as part of the Commission's push for structural reform in the retail investment product market, the first half of 2023 should bring revised versions of MiFID, IDD and the PRIIPs Regulations. In the midst of a cost-of-living crisis, the European Parliament's debates on bank charges and measures to support the economy brought forth legislative proposals and commitments from those banks whose impacts remain in check. In France, the Lemoine Act of February 2022 on loan insurance reform entered into effect, although it is still premature to say how its two key measures (freedom to switch to a new insurer at any time and partial scrapping of the medical questionnaire) will affect the market;

- and lastly, post-Brexit, the Commission is keen to return to the matter of the Capital Markets Union (CMU), picking up the debate based on the proposal outlined in the 2020 action plan. Initially focused on deepening and integrating European markets, CMU is now also seen as a way to ensure Europe's financial autonomy. This has become increasingly important – the pandemic and the situation in Ukraine have shone a light on how the EU's lack of autonomy leaves it vulnerable, as noted in the Commission's strategic autonomy plan, published in January 2021, and the associated conclusions from the Council in April 2022. Accordingly, we have seen legislative proposals and discussions in Parliament and the Council on revisions to the Markets in Financial Instruments Regulation (MiFIR), the Alternative Investment Fund Managers (AIFM) Directive and the European Long Term Investment Funds (ELTIF) Regulation, as well as to the European Single Access Point (ESAP) for financial and non-financial information about EU companies and the European withholding tax framework, with a view to simplifying and harmonising the existing complex processes – seen as a significant disincentive to cross-border investment. In a press release issued on 7 December 2022, the Commission also put forward a series of new proposals to further develop the CMU. These proposals centred on three areas:
  - ensuring "safe, robust and attractive" clearing to encourage market participants to start using EU-based clearing houses for their euro-denominated products (revision of EMIR),
  - harmonising corporate insolvency rules, ironing out the disparities that currently discourage cross-border investment both within and from outside the EU,
  - simplifying the process for listing on public markets (through a new Listing Act) to make capital markets more attractive to European companies and facilitate access for SMEs.

1.4 THE GROUP'S CORE BUSINESSES

1.4.1 FRENCH RETAIL BANKING

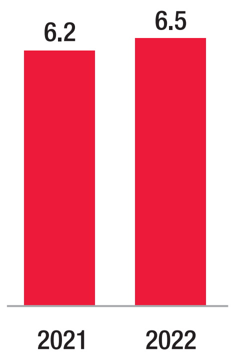
CLIENTS' DEPOSITS AND SAVINGS (IN EURBN)



NET BANKING INCOME (IN EURBN)

€8.8bn

OPERATING EXPENSES (IN EURBN)



35,000 members of staff

€247bn in loan outstandings

€1.4bn contribution to Group net income (€1.6bn in 2021)

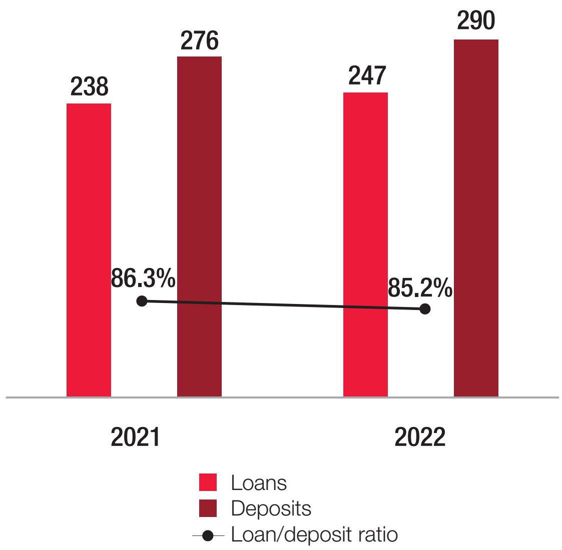
French Retail Banking (RBDF) offers a wide range of products and services suited to the needs of a diversified base of individual and professional clients, businesses, non-profit associations and local authorities. It leverages on synergies with the Group's specialised businesses, in particular the Insurance, the Private Banking or the Corporate & Investment Banking businesses. Accordingly, French Retail Banking distributes insurance products of Sogecap and Sogessur, subsidiaries which are part of the International Retail Banking and Financial Services' division.

Relying on the know-how of its teams and an efficient multichannel network, the pooling of best practices, and the optimisation and digitalisation of processes, Retail Banking France combines the strength of three complementary brands: Societe Generale (a leading French bank that has housed Private Banking since January 2022) and Crédit du Nord (a group of regional banks) which are pushing further ahead with a transformational project to merge their networks, and Boursorama Banque, a key online banking operator.

In 2022, average life insurance outstandings reached EUR 120 billion, compared with EUR 119 billion in 2021.

The networks continue to support the economy and support their clients with their financing projects. Average loan outstandings of the networks rose from EUR 238 billion in 2021 to EUR 247 billion in 2022. At the same time and in a context of an intense competition, deposit collection generated a loan-to-deposit ratio of 85.2% in 2022, down 1.1 points compared to 2021.

LOANS AND DEPOSITS (IN EURBN)*



Average quarterly outstandings.

Societe Generale network

The Societe Generale network offers solutions tailored to the needs of its 6.7 million individual clients as well as almost 420,000 professional clients, non-profit associations and corporate clients, representing EUR 180 billion in outstanding deposits and EUR 159 billion in outstanding loans in 2022.

To achieve this, the network leverages three major strengths:

- approximately 1,200 main branches located mainly in urban areas where a large proportion of national wealth is concentrated;
- an exhaustive and diversified range of products and services, ranging from savings vehicles and asset management solutions to corporate finance and payment means;
- a comprehensive and innovative omnichannel system spanning internet, mobile, telephone and service platforms.

Societe Generale continued to expand its network and increase its service offering in 2022 in response to its clients' requirements and with a view to enhancing customer satisfaction. These efforts focused notably on promoting the increased use of electronic signatures for professionals and in the short-term credit and MLT credit markets. Societe Generale broadened its commercial offering dedicated to TPEs and modified its lending services (on the application and decision for MLT loans), supported by training sessions and a change management programme.

Last, Societe Generale has made sustainable development the linchpin of its strategy by not only ensuring that its direct environmental impact is controlled through actions to reduce its waste and carbon footprint but by also developing an offer to support its clients in their own energy transition: in 2022, Societe Generale and Crédit du Nord launched a comprehensive support framework for companies, SMEs, associations and local authorities to enable them to develop a more sustainable model. They furnish new advisory and financing solutions in conjunction with top-name partners. Irrespective of their profile, the Bank also offers to measure clients' greenhouse gas emissions, in partnership with Carbo.

Crédit du Nord network

The Crédit du Nord group consists of nine regional banks – Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Société Marseillaise de Crédit, Tarneaud, Société de Banque Monaco and Crédit du Nord – and an investment services provider, the brokerage firm Gilbert Dupont.

Crédit du Nord entities are characterised by a large degree of autonomy in managing their activities, which is chiefly expressed by rapid decision-making and responsiveness to client demands.

The quality and strength of the results of the Crédit du Nord group have been recognised by the market and are confirmed by the long-term A- rating attributed by Fitch.

Crédit du Nord serves 1.6 million individual clients(1), 210,200 professional clients and non-profit associations and 46,400 corporate and institutional clients. In 2022, its average outstanding deposits totalled EUR 58 billion, compared with EUR 57 billion in 2021, while average loan outstandings stood at EUR 55 billion, compared with EUR 52 billion in 2021.

Merger of the France networks

In December 2020, Société Générale and Crédit du Nord expressed their intention to merge their two networks to create a new retail bank with the aim of serving 10 million clients and ranking among the Top 3 for customer satisfaction.

The plan focuses on four main strategic planks:

- a bank anchored locally throughout 11 regions: decisions will be predominantly taken at regional level and on an increasing basis directly in agencies and business centres;
- a more reactive, accessible and efficient bank;
- a bank that gears itself more to the specific needs of each client category: a bank that offers expertise, with resources increasingly focused on the specific requirements of the various client categories, notably with the introduction of a wealth management bank, across-the-board presence of a dedicated advisor for professional clients - covering both their personal and professional banking needs - and a wider array of savings, insurance, and professional and corporate solutions experts throughout France to deal with the full scope of their financing and advisory concerns;
- a responsible bank: CSR issues are the linchpin of the new model which aims to expand the positive impact for clients and local communities through new choices regarding offers and organisation, particularly the introduction of CSR advisory teams in each region, enabling SG to accelerate financing for the environmental transition and to be a springboard for the development of France's regions and its ecosystems from both an economic and social standpoint.

In 2022, several key milestones were achieved to create the new retail bank in France:

- social framework: in February 2022, the Societe Generale Group signed a unanimous agreement with all trade union representative organisations on employment and skills as part of the planned creation of the new retail bank in France resulting from the merger of the Societe Generale and Crédit du Nord networks;
- brand strategy: in April 2022, the Societe Generale Group unveiled the brand strategy of the new retail bank in France which underscored its local ties, showcasing a national SG brand rounded off by a number of regional brands: SG Crédit du Nord, SG Grand Est, SG Laydernier, SG Auvergne Rhône Alpes, SG SMC, SG Courtois, SG Sud Ouest, SG Tarneaud, SG Grand Ouest and, in Ile-de-France and in Corsica, SG Société Générale.

On 1 January 2023, Societe Generale Group carried out the legal merger of its two French Societe Generale and Crédit du Nord retail banking networks. SG will henceforth become the Group's new retail bank in France.

Crédit du Nord's IT system will initially be migrated in two stages to Societe Generale's information system during the first quarter of 2023. Agency pooling will commence in the second half of 2023 and the initial phase will involve 150 batchings (30%). Some 80% of the link-ups will be performed by the end of 2024, with the remaining 20% finalised by the end of 2025.

(1) Number of active clients.

Boursorama

Boursorama is a subsidiary of Societe Generale and a pioneer and leader in France for its three main businesses: online banking, brokerage and online financial information at boursorama.com, ranked No. 1 for economic and stock market news. An online bank accessible to all, without any revenue or financial wealth prerequisites, Boursorama's promise is the same as it was when it was first created, *i.e.* simplify clients' lives at the most competitive price and furnish the best service possible to boost their purchasing power.

At end-2022, Boursorama served nearly 4.7 million clients – a 41% increase in the space of a year alone. This rapid growth has been matched by an increase of more than EUR 15 billion in the bank's outstandings over the period (over EUR 66 billion at end-December 2022, including EUR 16 billion in loans, EUR 13 billion in current accounts and EUR 37 billion in savings and share securities) which demonstrates the appeal of its fully online model based on client independence and a comprehensive range of 43 banking products and services, rounded out by 1,000 functionalities with automated processes.

The year 2022 was dominated by the i) a record client acquisition with 1.5 million new clients, on top of a substantial 20% drop in the client acquisition cost, ii) the successful integration of ING's former clients (around 300,000 new clients and almost EUR 9 billion in outstandings, of which half covers life insurance savings, and iii) over and above its successful regular banking offer, it is committed to clients, providing a wide range of products and services, such as:

- stock exchange products: the success of BoursoMarkets, the new zero-brokerage-fee trading offering encompassing over 40,000 products (*e.g.*, volumes traded on warrants/certificates have doubled since 2021 in a shrinking market) and the launch of bespoke employee share plans;
- savings products: the success of Matla, the market's least expensive retirement savings plan (outstandings have tripled since 2021), and the launch of new asset classes with real estate crowdfunding, private equity and EMTNs;
- loan products: the launch of the 100% online MyLombard loan and the expansion of the cli€ small loan (production has tripled since 2021);
- insurance products: success of the comprehensive range of insurance products (loans and property and casualty) with over 830,000 contracts at end-2022, up 40% compared with end-2021;
- acceleration of non-banking products (BAAP platform, The Corner, which generated EUR 150 million in revenue in 2022, which is thrice the amount for 2021.

Boursorama was voted the least expensive bank for the 15th consecutive year (source: *Le Monde*/Panorabanque 2022), best bank for students and young working adults (Selectra 2022) and France's preferred bank for digital banking (source: Opinionway 2022). The online bank was ranked No. 1 on app stores, with a rating of 4.9/5 on iOS and 4.8/5 on GooglePlay. It boasts a Net Promoter Score of +35 for the sector (source: Bain and Company, January 2022).

Launched over 20 years ago, its online portal, *www.boursorama.com*, is consistently ranked the No. 1 website for financial and receives 50 million visits a month (Source ACPM – September 2022).

Boursorama generally attracts young clients – the average age is 35 – who are city dwellers, who work and who are financially stable. The average client outstanding is over EUR 15,000 (savings and loans). The acquisition of private banking clients continues to rise despite the rapid acceleration in growth. Boursorama has also pursued optimisation efforts and registered a decrease of almost 20% of IT costs per client and a 30% increase in the number of clients by employees.

Societe Generale Private Banking

Societe Generale Private Banking has an extensive foothold in Europe and offers global financial engineering and wealth management solutions, in addition to global expertise in structured products, hedge funds, mutual funds, private equity funds and real estate investment solutions. It also offers clients access to the capital markets.

Since January 2014 and in conjunction with the French Retail Banking core business, Societe Generale Private Banking has extensively modified its relationship banking model in France by extending its services to all individual customers with more than EUR 500,000 in their accounts. These customers reap the benefit of close-hand service provided by 80 regional franchises and the know-how of Private Banking's expert teams.

Societe Generale Private Banking's offering is available from three main centres: SGPB France, SGPB Europe (Luxembourg, Monaco and Switzerland) and Kleinwort Hambros (London, Jersey, Guernsey and Gibraltar). At the end of 2022, Private Banking held EUR 147 billion in assets under management.

Following the disposal of Lyxor at the end of 2021, the decision was made to house the following wealth management subsidiaries in Societe Generale Private Banking: SG 29 Haussmann[1] (France) et SGPWM[2] (Luxembourg) and to also combine in its ranks Global Markets' structured fund activity, in addition to a number of UCITS/bonds supervisory and selection teams. Societe Generale Private Banking took advantage of the occasion to create a fourth Wealth Investment Services centre of expertise, bringing together these management and structuring skills (Investment Management Services) with the Market Solutions teams, thereby becoming a genuine one-stop shop that houses unique expertise within the Group to design investment and open-architecture solutions.

Societe Generale Private Banking was singled out for eight prizes at the 2022 Global Private Banking Innovations Awards.

- SGPWM was named Asset Management Company of the Year for 2022;
- SG 29 Haussmann took home Best Asset Manager for ESG Investment;
- The Moorea Fund Sustainable Floating Rate Income fund was acclaimed ESG Fund of the Year 2022;
- "Coach Financier" and "L'Espace Investissements" won Best Private Bank Robo Advisory;
- SGPB took home Best Private Bank for Millennials;
- SGPB was singled out as the Private Bank with the most innovative ESG offering;
- SGPB Luxembourg was named Best Private Bank for Luxembourg;
- SGPB Monaco won Best Private Bank for Monaco.

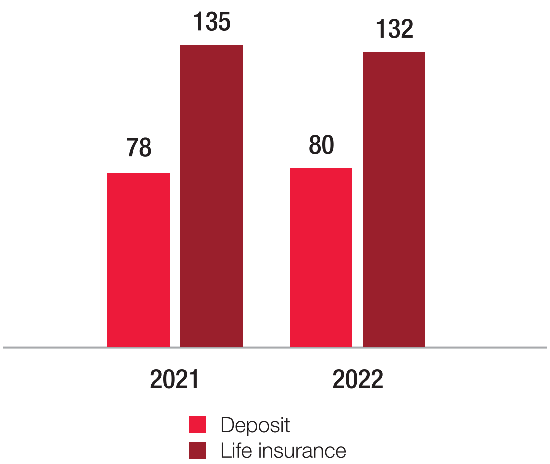
Kleinwort Hambros was awarded the Excellence in Employee Engagement prize at the 2022 Private Banker International Global Wealth Awards.

(1) *SG 29 Haussmann is a management company approved and regulated by the AMF (Autorité des marchés financiers – the French financial services authority). Its remit is to provide portfolio management services either as funds or by way of discretionary asset management, and manages in particular the assets of client portfolios of SG private banking clients, mainly for the benefit of clients of the Private Bank and clients of the Societe Generale network. It has multi-management expertise in structured management, equities, fixed income and alternative management. Since 1 November 2021, SG 29 has also integrated structured Global Markets' structured fund management business (SIS).*

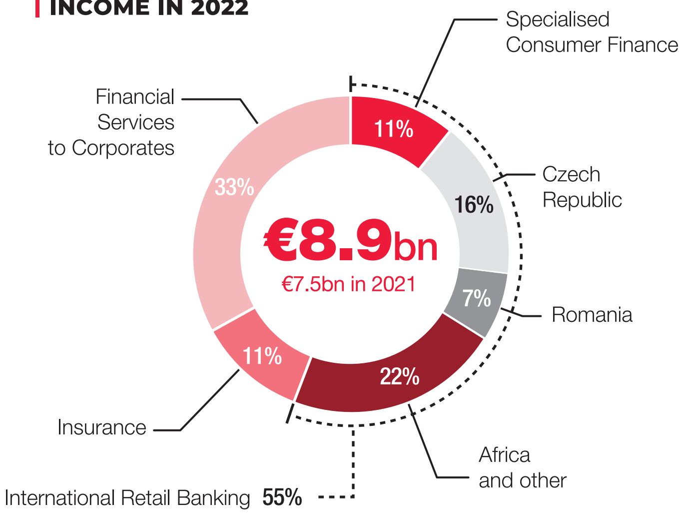
(2) *SGPWM is a Luxembourg-based management company that manages (i) asset management mandates for the portfolios of SG private banking clients in Luxembourg, (ii) as is the case for the management of the UCITS Moorea sub-funds.*

1.4.2 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES – IBFS[(1)]

OUR CUSTOMER'S DEPOSITS AND SAVINGS (IN EURBN)



BREAKDOWN OF NET BANKING INCOME IN 2022

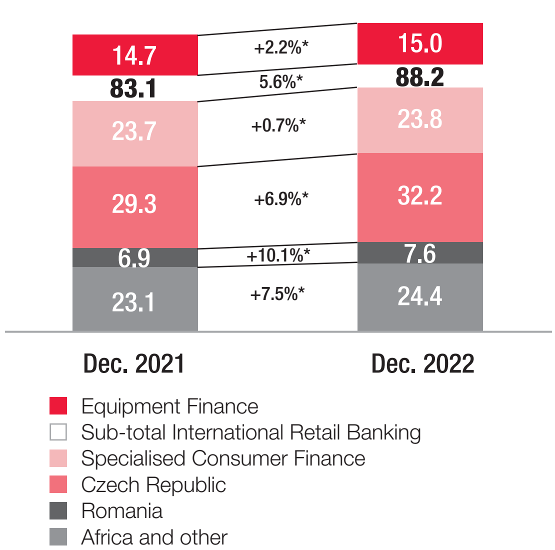


43,000 members of staff

€128bn in loan outstandings

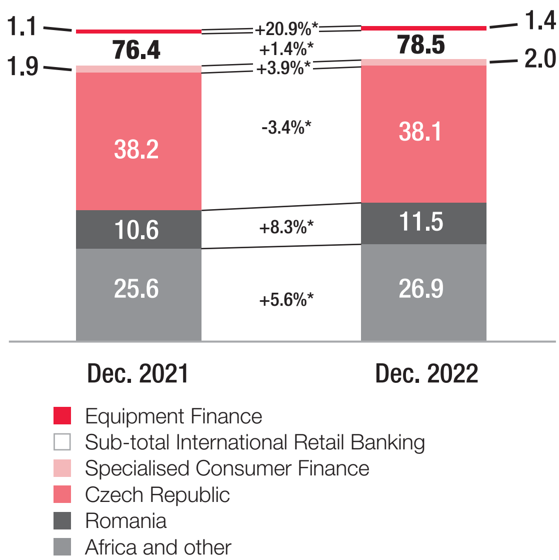
€2.5bn contribution to Group Net income (€2.0bn in 2021)

LOAN OUTSTANDINGS (IN EURBN)*



* At constant scope and exchange rate.

DEPOSIT OUTSTANDINGS (IN EURBN)*



* At constant scope and exchange rate.

(1) Excluding Russia.

International Retail Banking and Financial Services (IBFS) combines:

- International Retail Banking activities, divided into two Business Units: Europe and AFMO (Africa, Mediterranean Basin and Overseas France); the Russian business unit was divested on 18 May;
- three specialised businesses: Insurance, Operational Vehicle Leasing and Fleet Management, and Vendor and Equipment Finance.

Leveraging this pillar, the Group's ambition is to better serve all its individual and corporate customers by adapting to changes in the economic and social environments, in addition to supporting the international growth of the Group's customers by drawing on the strength of its network in fast-growing regions. IBFS bases its strategy on the relationship-focused universal banking model, the enhancement of its customer base through an extended range of products, and the distribution and pooling of expertise aimed at improving revenues while continually seeking to optimise the allocation of scarce resources and manage risks. With around 43,000 employees[1] and commercial operations in 66 countries, IBFS is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates). Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

International Retail Banking

International Retail Banking combines the services of the international banking networks and **consumer finance** activities. These networks are forging ahead with their growth policy and currently hold leading positions in their various regions of operation, such as Europe, the Mediterranean Basin and sub-Saharan Africa. They help finance the economies in the different regions where they operate. In this way, the Group continues to support the development of its activities through these high-potential geographic regions.

EUROPE

The Group operates in Western Europe exclusively through its **consumer finance** and car finance businesses (CGI in France, BDK and Hanseatic Bank in Germany, and Fiditalia in Italy). Outstanding loans rose by 0.7% to EUR 23.9 billion in 2022, mainly on back of strong growth in car finance markets.

Komerčni banka (KB) is the Czech Republic's third-ranked bank in terms of balance sheet size, with outstanding loans of EUR 32.3 billion, 216 branches and 7,288 full-time employees (FTE) in December 2022. KB, which was founded in 1990 and became a subsidiary of Societe Generale in 2001, has developed its universal banking activities for individual customers and expanded its traditionally significant presence among corporate customers and municipalities. The KB Group also offers a suite of products intended for individual customers with ESSOX (consumer loans and car financing), Modra Pyramida (mortgage facilities), as well as a range developed in collaboration with Private Banking.

KB was singled out by Mastercard as Bank of the Year in 2022. KB was acclaimed Top Corporate Bank of the Year for the second time and was runner-up in the Private Bank of the Year and Sustainable Bank of the Year categories.

In Romania, **BRD** is the No. 3 bank in terms of balance sheet size, with market share of approximately 10% in loans and deposits at end-September 2022. Societe Generale Group became BRD's main shareholder in 1999. The BRD Group's activity is divided into three major business lines: Retail Banking (individual and professional clients, and SMEs), Corporate and Investment Banking, and Consumer Finance with BRD Finance. Outstanding loans and deposits respectively total EUR 7.6 billion and EUR 11.5 billion.

In 2022, BRD was awarded the Environmental Project Finance Excellence prize by Green Report, and the Sustainable Development Excellence award from Capital Magazine.

AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE

Societe Generale commands leading positions in these geographic regions, the result of a long history and strong strategic ambition.

In the **Mediterranean Basin**, the Group has been present in Morocco since 1913, in Algeria since 1999, and in Tunisia since 2002. In all, this business unit covers 635 branches and has more than 2 million customers. At 31 December 2022, outstanding deposits totalled EUR 11.2 billion and outstanding loans stood at EUR 11.8 billion.

In **sub-Saharan Africa**, the Group has an historic presence in 14 countries, with solid local positions, particularly in Côte d'Ivoire (No. 1 for loans and deposits), and in Senegal and Cameroon (both No. 2 for loans and deposits). In 2022, the region registered outstanding loans of EUR 8.1 billion and deposits of EUR 11.3 billion. Societe Generale is Western Africa's leading international bank.

The Group is supporting the continent in a fair, environmentally friendly and inclusive transition, drawing its strength from one conviction, namely, that the demographics and economic development of this continent – with its talent, natural resources and infrastructure projects – are key issues for this millennium. Societe Generale in particular supports local economies through the Grow with Africa programme, which demonstrates the Group's commitment to long-term performance. This initiative operates in partnership with local territories and actors, in addition to international experts. It establishes dialogue, two-way receptiveness and the sharing of innovative resources and approaches. It places the focus on four areas of development: supporting the development of African SMEs, taking part in the infrastructure financing, offering services that promote financial inclusion and developing innovative financing for renewable energies and agribusiness.

In 2022, Societe Generale was named Africa's Best Investment Bank for Sustainable Finance by industry magazine Euromoney, as well as Best Bank for CSR, Sustainability Award, Best Foreign Investment Bank and Best Product Launch in Africa by EMEA Finance magazine. Global Finance also named the Bank Best SME Bank on the continent, and in Cameroon and Côte d'Ivoire. Industry magazine EMEA Finance acclaimed Societe Generale Cameroun (for the eighth consecutive year) and Societe Generale Côte d'Ivoire Best Bank and Best Investment Bank in their respective countries. EMEA Finance also bestowed on Societe Generale Maroc (Morocco) the Best Foreign Bank, Best Foreign Investment Bank, Best Asset Manager and Best Broker prizes. Chad, Madagascar and Guinea took out Best Bank, and Benin Best Investment Bank from EMEA Finance. Rounding off the awards tally, Global Finance gave Societe Generale Best Bank to Equatorial Guinea, Senegal, Madagascar and Cameroon, while The Banker named Societe Generale Bank of the Year in Cameroon and Madagascar. Last, industry magazine Euromoney singled out Societe Generale Côte d'Ivoire for the Best Bank award.

(1) Headcount at end of period, excluding temporary staff.

In **Overseas France**, the Group operates in Reunion and Mayotte, French Polynesia and New Caledonia, where it has been present for more than forty years. Societe Generale offers the same services for individual and corporate customers in these regions as in mainland France.

Insurance and Financial Services

INSURANCE (SOCIETE GENERALE ASSURANCES)

Societe Generale Assurances lies at the core of Societe Generale Group's development strategy, in synergy with all its retail banking, private banking and financial services businesses. Societe Generale Assurances also pursues the expansion of its distribution model through the development of external partnerships Societe Generale Assurances offers a full range of products and services to meet the needs of individual, professional and corporate clients in Life Insurance Savings, Retirement Savings and Personal Protection businesses. Thanks to the expertise of its 2,700 employees (FTE), Societe Generale Assurances combines financial strength with dynamic innovation and a sustainable development strategy to be a trusted partner for its clients. Gross premiums stand at EUR 12.8 billion, with the share of unit-linked (UL) funds totalling 42%. Outstandings in life insurance investment solutions reached EUR 131.6 billion, down by 2.5%, of which UL funds account for 36%. Business is growing in the personal protection and property and casualty lines, with growth accelerating by 6% compared to 2021.

In 2021, Societe Generale Assurances pushed ahead with its bid to assist and protect the customers of Group networks by stepping up the development of digital sales tools and its phygital dimension. It also accelerated the pace of digital customer journeys by optimising data and customer behaviour knowledge.

Societe Generale Assurances also continued diversifying its business model, which is a proven high-potential growth driver in both the life insurance and personal protection areas, in synergy with the Group's other businesses, such as ALD, Boursorama and with external partners. As one of the dominant players in the retirement savings market in France, Societe Generale Assurances offers cross-business products to meet the needs of individual customers, corporate clients and their employees through customised solutions, simple and easy-to-use digital pathways, innovative and tailor-made services and bespoke assistance.

Societe Generale Assurances actively endorses a policy to strengthen its CSR commitments, vowing to make Corporate Social Responsibility ALD(CSR) a differentiating factor in its strategy. It has divided its policy into three areas: Responsible Insurer, Responsible Investor and Responsible Employer. A host of actions have been rolled out both in relation to the Group's investment policy – signing the Finance for Biodiversity Pledge, limiting non-conventional oil and gas funding, developing green investments and creating an energy efficiency plan – and in relation to the products on offer, such as a responsible UL offering that is eight times larger than that of 2018, giving the "Positive Insurance" certification to 10 of its protection products. In addition, the Group has embedded the ESG dimension into all its activities making it the bedrock underpinning all its activities and processes ("ESG by design"). This pledge goes hand in hand with the objective to increase employees' involvement in these actions by acting as a force for good with sponsorships and increasing environment-related actions.

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD AUTOMOTIVE)

ALD Automotive offers mobility solutions centred on operational vehicle leasing and fleet management for businesses of all sizes in both local and international markets. It also serves individual customers. The business combines the financial benefits of operational leasing with a complete range of upscale services, including maintenance, tyre management, fuel consumption, insurance and vehicle replacement. The ALD Automotive Group employs more than 7,000 people (FTE).

ALD Automotive boasts the largest geographical coverage of any leasing company (43 countries) and manages more than 1.8 million vehicles. It has unique knowledge of emerging markets and has established partnerships with Wheels in North America, FleetPartners in Australia and New Zealand, Absa in South Africa, AutoCorp in Argentina, and Arrend Leasing in Central America. In 2022, the business again ranked No. 1 in Europe for multi-brand operational vehicle leasing and fleet management, and No. 2 worldwide.

A pioneer in mobility solutions, ALD Automotive is constantly innovating to provide unparalleled support to its customers, fleet managers and drivers, and offer customised services that are tailored to their needs.

ALD has been listed on the Euronext Paris stock exchange since June 2017. Societe Generale is ALD's controlling shareholder and, as such, ALD continues to benefit from the Group's financing capacity.

On 6 January 2022, ALD announced the signing of an agreement under which ALD would acquire 100% of LeasePlan to create a leading global player in mobility solutions with a total combined fleet of around 3.3 million vehicles. The successful capital increase conducted at end-2022, which helped fund the transaction, is a crucial step towards finalising the acquisition, which is expected to close in the first half of 2023, notably subject to the remaining regulatory approvals being obtained and the performance of the usual conditions precedent[(1)].

VENDOR AND EQUIPMENT FINANCE (SGEF)

Societe Generale Equipment Finance specialises in vendor and professional equipment finance. The business is conducted through partnership agreements with international vendors (professional equipment manufacturers and distributors), and also directly with manufacturers and distributors. SGEF has established its expertise in four major sectors spanning the transport, industrial equipment, technology and healthcare and environmental sectors.

Societe Generale Group is one of leaders in the equipment finance business. Leveraging on SGEF and the Group's networks, it operates in over 35 countries (partnerships included) and manages a portfolio of EUR 24 billion[(2)] in outstandings. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers an extensive array of products, such as financial leasing, loans, rentals, purchase of receivables, as well as insurance and marketing services.

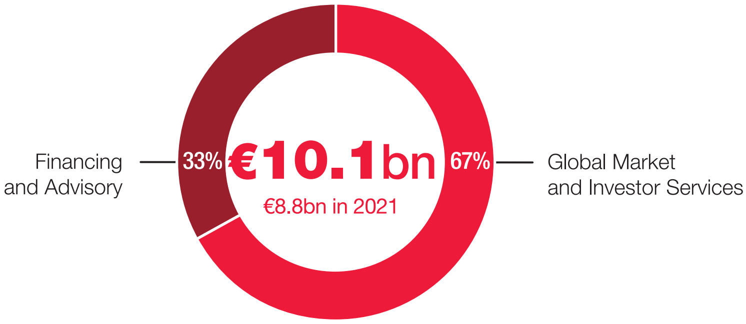
Societe Generale Equipment Finance has a headcount of approximately 1,400 (FTE) and is a regular recipient of leasing industry honours. It has made sustainable development a linchpin of its strategy. In 2022, SGEF was singled out for Leasing Life's SME Champion – International Vendor Model prize and received the CSR Ecovadi and Platinum certifications for its headquarters entity, and Gold for its German activities.

(1) Various regulatory approvals must be obtained, notably approval of the acquisition by the General Meetings of ALD and LeasePlan, delivery by ALD and LeasePlan of a predetermined carrying amount at the close of the acquisition.

(2) At 31 December 2022 including Franfinance, Sogelease and Starlease, and Leasing activities of the Africa, Mediterranean Basin and Overseas France network.

1.4.3 GLOBAL BANKING AND INVESTOR SOLUTIONS

BREAKDOWN OF NET BANKING INCOME IN 2022



17,000 members of staff

€183bn in loan outstandings

€2.4bn contribution to Group Net income (€2.0bn in 2021)

€4,257bn in assets under custody (global leader in derivatives, No. 2 custodian in Europe)

Global Banking and Investor Solutions (GBIS) is tasked with providing Global Markets and Investor Services, and Financing and Advisory to a global customer base of businesses, financial institutions, and investors.

GBIS employs over 17,000 people located in 35 countries and fields operations[(1)] in around 50 countries. It boasts extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region.

The linchpin of economic flows between issuers and investors, GBIS supports its customers over the long term, offering them a variety of services and integrated solutions tailored to their specific needs. The Group has forged strong and long-lasting ties with a large base of loyal clients thanks to the value-added of its franchises and the globally recognised extensive expertise of its businesses.

GBIS' experts provide their issuer customers – large corporates, financial institutions, sovereigns and the public sector – with strategic advisory on their development, as well as access to capital markets to address their funding requirements and hedge their risks. They also furnish services to investors who manage savings according to defined risk/return targets.

A pioneer in sustainable and positive-impact finance, the Group furnishes advisory to its clients and offers concrete financing and investment solutions aimed at transitioning towards a fairer and greener economy. Group places social and environmental responsibility at the core of GBIS businesses and Societe Generale's expertise was once again recognised by Global Finance in 2022 when it took away the Outstanding Leadership in Sustainable Finance award. The Group was also rated AAA by MSCI.

The Group confirmed in August 2022 the medium-term strategy it unveiled in May 2021 for its Global Banking & Investor Solutions core business and underscored the key feature of these activities in its diversified banking model. Societe Generale's goal is to consolidate its position as a top-tier European corporate and investment bank.

It is ideally positioned to tap the major trends for the coming years, such as sharp growth in infrastructure and energy transition financing.

The roadmap set five priorities on which the Group continued to deliver in 2022:

- revive strong and sustainable growth by retaining a client-centric strategy and making targeted and balanced capital allocation adjustments in favour of financing, advisory and transaction banking;
- push ahead with cost reductions, the ongoing aim of which is to improve the operating leverage;
- keep a tight rein on risks and make results less sensitive to market dislocations.
- grow CSR-by-design businesses;
- increase digitalisation in businesses and processes by capitalising on the SG Markets platform.

Societe Generale also intends to increase its ESG commitments and hold a top-ranking position in this field. It will make this major strategic pillar the bedrock underpinning both the Corporate and Investment Banking arm's actions and those of the entire Group.

(1) In-country operations through partnerships in the Societe Generale Group.

Global Markets and Investor Services

The Global Markets and Investor Services (GMIS) Division includes Global Markets' activities formed by the Fixed Income and Currencies, Equities and Securities Services arms. As such, the division combines the strength of a leading financial institution offering global access to markets with the customer-oriented approach of a broker positioned as a market leader in its activities, delivering value-added services and innovative solutions.

The teams – financial engineers, salespeople, traders and specialist advisors – use SG Markets, a unique integrated digital platform, to furnish tailored solutions designed to address each customer's needs and specific risks, and to assist them to navigate increasingly interconnected financial markets. Furthermore, in 2021, Societe Generale issued the first structured product as a Security Token directly registered on the Tezos public blockchain. This transaction completes a new step in Societe Generale's growth – Forge – a regulated subsidiary of Societe Generale Group, which aims to offer crypto asset structuring, issuance, exchange and custody services to the Group's professional clients. Innovation is key to GBIS' strategy and this operation illustrates the Group's willingness to use the most innovative technologies and to create disruptive business models to better serve its clients.

In addition, work performed by Societe Generale's Cross Asset Research Department provides insight into the impact of major events on the various asset categories and analyses the relationship between asset categories. This key information is drafted into strategic fact sheets. Since January 2020, the Bank has systematically included Environmental, Social and Governance (ESG) analyses in its equities publications, alongside its fundamental financial analysis. The Research teams won the ESG Research House of the Year award for 2021 at the Sustainable Investment Awards.

At the end of 2022, Societe Generale and AllianceBernstein, a leading asset management and research group, signed a letter of intention to combine their equity research and cash equities businesses. The partnership would enable the corporate, financial institution and institutional investor clients of Societe Generale and Bernstein Research Services to have access to a global and comprehensive suite of top-tier cash equity and research services, on top of the current Societe Generale offering from the equity capital markets, equity derivatives and prime services businesses.

FIXED INCOME AND CURRENCIES

Fixed Income and Currencies (FIC) activities cover a comprehensive range of products and services ensuring the liquidity, pricing and hedging of risks related to the fixed income, credit, forex and emerging market activities of Societe Generale clients.

Teams operate notably in London, Paris, Madrid and Milan, as well as in the US and the Asia-Pacific region, and offer a wide range of flow and derivative products. Underpinned by in-depth research, engineering, trading and e-commerce expertise, they furnish strategic advisory, flow data and competitive prices.

The teams assist corporate clients and financial institutions with their investments and risk management, providing advisory on the most appropriate opportunities depending on each client's protection and return of capital objectives. Leveraging 15 years' experience in structured finance hedging, FIC teams are able to furnish customised solutions for each financing transaction, including risk hedging where required. Drawing on solid expertise underpinned by cutting-edge technology and algorithmic trading, clients also have access to a wide array of instruments, technologies and liquidities in fixed-income markets, credit markets *via* single broker platforms to execute spot trading and derivatives transactions.

In 2022, Global Finance named Societe Generale Best FX Provider for Corporates, Central & Eastern Europe, Algeria, Ivory Coast & Morocco.

EQUITIES

Boasting its historic presence in the world's major primary and secondary equity markets and its long-standing tradition of calculated innovation, Societe Generale is a leader in a comprehensive suite of varied solutions covering the full spectrum of cash equity, equity finance, derivative-based services, equity structured products, strategic equity transactions and Prime Services activities.

Drawing on more than 30 years' experience in this field, the Group has an undisputed leading position in derivatives and investment solution products, and continues to constantly innovate by offering tailored advisory and innovative solutions that are adapted to its clients' needs. The Group has succeeded in maintaining this global top position despite the strategic review on the most complex products by developing the next generation of investment solution products and by remaining a pioneer in innovation, in particular for CSR.

This innovative approach is applied to the full array of equities-related activities, spanning equity research, trading, equity financing and listed products.

Clients voted the Equities arm the best issuer of listed products in Germany, while Golden Bull awarded it Certificate House of the Year for 2021. In 2022, it was singled out for Best Issuer in Germany overall, Best Investor Magazine (ideas), Best Information Offering, Best Product Range, Special Award Technology, Best Turbo-Optionsscheine, Best Index-Zertifikatepar Deutscher Zertifikate Preis.

The Equities business also took out Best House Europe, Deal of the Year, Best House France, Best House Warrants (SRP Europe Awards 2022) and Equity Derivatives House of the Year (AsiaRisk 2022), as well as Americas Structured Products House of the Year (Global Capital).

SECURITIES SERVICES

The Societe Generale Security Services (SGSS) business offers a comprehensive range of solid and effective securities services, including:

- market-leading clearing services;
- custody and depository bank activities, covering all asset classes;
- fund administration services for managers of complex financial products;
- issuer services, including administration of stock option plans and employee shareholdings;
- liquidity management services (cash and securities);
- transfer agent activities, providing a comprehensive suite of services ranging from support to fund distribution.

With EUR 4,247 billion in assets under custody at end-December 2022 (*versus* EUR 4,586 billion at end-December 2021), SGSS ranks second among European custodians. It offers custodian services to more than 3,497 mutual funds and provides valuation services to more than 4,324 mutual funds, for a total of EUR 580 billion in total assets under management.

Financing and Advisory

Financing and Advisory is responsible for covering and developing global relationships with the Bank's strategic clients. The Department houses:

- the **Global Banking & Advisory** platform (GLBA) which now combines in one business unit the Coverage teams dedicated to Global Banking customers and the business teams: mergers and acquisitions, advisory and other corporate finance advisory corporate banking and investment banking, namely capital raising solutions for debt or equity, financial engineering and hedging for issuers; and
- the services of **Global Transaction and Payment Services**.

The GLBA platform operates on a worldwide scale with expert teams located in France and Europe, the CEEMEA region, the Americas and in Asia. The teams' knowledge of clients and local regulations are key to conducting domestic, international and cross-border activities due to the international dimension of their business. Leveraging this global expertise and sectoral knowledge, the Group was singled out for Outstanding Leadership in Sustainable Finance for the second consecutive year and is ranked No. 3 worldwide for project finance (source: IJ Global in 2022) and for acquisition finance in EMEA (source: Dealogic in 2022).

Global Banking & Advisory teams provide issuer clients with a comprehensive suite of products and integrated solutions, products and advisory, and are housed in three divisions:

- the **Asset Finance** Division, which consists of five businesses: development and structured export finance, aircraft finance, shipping industries, real estate finance, structured solutions and mobility finance, which employs over 200 specialists. Offering a wide range of products, experienced professionals design tailor-made solutions for clients, financial companies and public institutions, combining financial know-how and industry expertise. The Group is a leader in syndicated real estate finance loans in EMEA, ranking No. 3 (source: Dealogic in 2022);
- the **Natural Resources and Infrastructures** Division is tasked with developing a global activity in the natural resources, energy and infrastructure sectors. by providing clients with financing solutions as well as advisory services, in addition to assistance in their ESG and energy transition needs. Increasing focus is placed on green energy, electromobility and digitalisation. Clients of this division are producers, operators, refinery groups, traders, commodity service providers, commodity and distributor logistics companies, as well as upstream transformers. The infrastructure sector concentrates on construction companies, motorway toll concession groups, public services, public municipalities (or concessions), infrastructure funds and operators dealing with digital and electromobility infrastructure. Societe Generale was named Energy & Commodity Finance House of the Year at the 2022 Energy Risk Awards and took home Europe Bank of the Year from Project Finance International 2022, on top of the ESG Infrastructure & Energy Bank Award from IJ Global in 2022;
- the **Asset Backed Products** Division, which combines GLBA's primary markets expertise, blends sectoral skills, securitisation and structuring with know-how in secondary market trading, distribution channels and debt security refinancing, making it possible to capitalise on credit capacities and act as the single entry point for ABS-type products and structured loans, and assist the development of our issuer clients and investors. The Group ranked No. 3 for securitisation in euro (source: Dealogic 2022);

The **Investment Banking** teams offer customers, businesses, financial institutions and the public sector an integrated, comprehensive and tailored approach, leveraging its in-depth sectoral knowledge and execution capacity recognised both locally and internationally. The offer relies on a full array of investment banking services to cover their clients' investment banking needs – strategic advisory, mergers and acquisitions, capital and debt markets, and acquisition and leveraged finance.

Societe Generale holds a leading position in the equity capital markets and on euro-denominated issues for corporate and financial institutions, as well as in acquisition finance in Europe. The equity capital markets franchise and acquisition finance franchise are ranked No. 1 in France. The debt capital markets franchise is ranked No. 3 for euro issues for large groups and No. 4 for euro issues for financial institutions. Last, the mergers and acquisition franchise is ranked No. 4 in France (source: Dealogic 2022).

The **Global Transaction & Payment Services (GTPS)** teams focus on economic and financial operators and domestic and international financial institutions, medium and large companies with international and multinational activities that require flow management assistance for their banking, commercial, corporate flows and/or payment flow assistance.

Their role is to also provide expert assistance to retail Business Units also operating these business lines and manage the Group's euro payment platform.

Operating in more than 40 countries, the business offers a comprehensive and integrated range of solutions and services, leveraging the expertise of the Transaction Banking businesses. It houses five transactional banking activities:

- cash management;
- trade finance;
- cash clearing and correspondent banking;
- receivables and supply chain finance;
- foreign exchange services associated with the payments of our activities, in partnership with Global Market

Global Transaction Banking teams are regular recipients of industry awards. In 2022, the Group was singled out for the following prizes: Sustainability-linked – Outstanding Innovation in Trade Finance, Global Treasury powered by Kyriba – Outstanding Innovation in Treasury, Best Trade Finance Provider, Best Bank for Financial Institutions, Best Bank for Cash Management in Western Europe & France, Czech Republic & Romania by **Global Finance** and Best Factoring Services in EMEA, Europe, CEE & Africa, Best Trade Finance Services in Europe, Best Transactional Bank for Financial Institutions, Best Cash Management Services in EMEA by **EMEA Finance,** and Cash Management Market Leader & Best Service by **Euromoney.**

2

GROUP MANAGEMENT REPORT

2.1 SOCIETE GENERALE GROUP'S MAIN ACTIVITIES

Societe Generale Group

Corporate Centre | International Retail Banking and Financial Services (IBFS)

FRANCE

Corporate Centre

- Société Générale*
- Généfinance 100%
- SG Financial SH 100%
- Sogéparticipations 100%

- Société Générale SFH 100%
- Société Générale SCF 100%

- Sogefim Holding 100%
- Galybet 100%
- Genevalmy 100%
- Valminvest 100%
- Sogemarché 100%
- Sogecampus 100%

International Retail Banking and Financial Services (IBFS)

- Sogessur 100%
- Sogecap 100%
- CGL 99.9%

- Banque Française Commerciale Océan Indien 50%
- SGEF SA 100%
- ALD 75.9%

EUROPE

International Retail Banking and Financial Services (IBFS)

- Hanseatic Bank *Germany* 75%
- Komercni Banka A.S *Czech Republic* 61%

- BRD-Groupe SG *Romania* 60.2%
- Fiditalia S.P.A *Italy* 100%

AFRICA - MEDITERRANEAN

International Retail Banking and Financial Services (IBFS)

- SG Marocaine de Banques *Morocco* 57.7%
- Société Générale *Algeria* 100%
- Société Générale *Ivory Coast* 73.2%
- Union Internationale de Banques 55.1%

AMERICAS

ASIA - AUSTRALIA

* Parent Company.
Notes:
- the percentage given indicates the percentage of capital held by the Group in the subsidiary;
- the groups are listed under the geographic region where they carry out their principal activities.

Societe Generale Group

French Retail Banking (RBDF) | Global Banking and Investor Solutions (GBIS)

FRANCE

French Retail Banking (RBDF)

Société Générale*	
Crédit du Nord	100%
Boursorama	100%
Franfinance	100%
Sogefinancement	100%
Sogelease France	100%
Sogeprom	100%
Société Générale Capital Partenaires	100%

Global Banking and Investor Solutions (GBIS)

Société Générale*	
CALIF	100%
Société Générale Factoring	100%

EUROPE

Global Banking and Investor Solutions (GBIS)

Société Générale Luxembourg *Luxembourg*	100%
SG Kleinwort Hambros Limited *United Kingdom*	100%
SG Investments (U.K.) Ltd *United Kingdom*	100%
Société Générale International Ltd *United Kingdom*	100%
Société Générale Effekten *Germany*	100%
SG Issuer *Luxembourg*	100%
SGSS Spa *Italy*	100%
SG Private Banking *Switzerland*	100%
SG Private Banking *Monaco*	100%

- Societe Generale* branches in:
  London *United Kingdom*
  Milan *Italy*
  Frankfurt *Germany*
  Madrid *Spain*

AFRICA - MEDITERRANEAN

AMERICAS

Global Banking and Investor Solutions (GBIS)

Banco SG Brazil SA *Brazil*	100%
SG Americas, Inc. *United States*	100%
SG Americas Securities Holdings, LLC *United States*	100%

- Societe Generale* branches in:
  New York *United States*
  Montreal *Canada*

ASIA - AUSTRALIA

Global Banking and Investor Solutions (GBIS)

Société Générale (China) Ltd *China*	100%
SG Securities Asia International Holdings Ltd *Hong Kong*	100%
SG Securities Korea Co, Ltd *South Korea*	100%
SG Securities Japan Limited *Japan*	100%

- Societe Generale* branches in:
  Seoul *South Korea*
  Taipei *Taiwan*
  Singapore
  Mumbai
  Sydney

2.2 GROUP ACTIVITY AND RESULTS

Definitions and details of methods used are provided on page 41 and following.

Information followed by an asterisk (*) is indicated as adjusted for changes in Group structure and at constant exchange rates.

The reconciliation of reported and underlying data is provided on page 42.

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In EURm)	2022	2021	Change	
Net banking income	**28,059**	**25,798**	**8.8%**	**9.7%***
Underlying net banking income	*28,059*	*25,681*	*+9.3%*	*+10.2%**
Operating expenses	(18,630)	(17,590)	+5.9%	+7.5%*
Underlying operating expenses	*(17,991)*	*(17,211)*	*+4.5%*	*+6.1%**
Gross operating income	**9,429**	**8,208**	**14.9%**	**14.4%***
Underlying gross operating income	*10,068*	*8,470*	*18.9%*	*18.4%**
Net cost of risk	(1,647)	(700)	x 2.4	93.0%*
Operating income	**7,782**	**7,508**	**3.6%**	**5.3%***
Underlying operating income	*8,421*	*7,770*	*8.4%*	*10.1%**
Net income from companies accounted for by the equity method	15	6	x 2.5	x 2.5*
Net profits or losses from other assets	(3,290)	635	n/s	n/s
Impairment losses on goodwill	0	(114)	100.0%	-100.0%*
Income tax	(1,560)	(1,697)	-8.1%	-5.8%*
Net income	2,947	6,338	-53.5%	-53.2%*
o.w. noncontrolling interests	*929*	*697*	*33.3%*	*32.3%**
Group net income	**2,018**	**5,641**	**-64.2%**	**-64.0%***
Underlying *group net income*	***5,616***	***5,264***	***+6.7%***	***+7.9%****
Cost-to-income ratio	66.4%	68.2%		
Average allocated capital[1]	55,164	52,634		
ROTE	**2.9%**	**11.7%**		
Underlying ROTE	***9.6%***	***10.2%***		

(1) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements).

Net banking income

Underlying net banking income grew strongly in 2022 at +9.3% (+10.2%*) *vs.* 2021, driven by historical highs in Financing & Advisory, Global Markets and ALD, sharp growth in Private Banking and International Retail Banking and a solid performance by French Retail Banking.

French Retail Banking revenues grew +4.1% *vs.* 2021 fuelled notably by robust service fee growth and a very solid showing by Private Banking.

International Retail Banking & Financial Services' revenues rose +12.4% (+17.9%*) *vs.* 2021, driven by a record performance at ALD and strong growth at International Retail Banking whose revenues grew +11.5%* *vs.* 2021. Financial Services' net banking income was significantly higher by +35.8%* *vs.* 2021, while Insurance net banking income increased by +6.5%* *vs.* 2021.

Global Banking & Investor Solutions' revenues were up +14.3% (+12.9%*) *vs.* 2021. Global Markets & Investor Services' revenues posted an +18.7% increase in revenues (14.1%*) *vs.* 2021, while Financing & Advisory activities increased by +15.2% (+10.7%*) *vs.* 2021.

Operating expenses

In 2022, operating expenses totalled EUR 18,630 million on a reported basis and EUR 17,991 million on an underlying basis (restated for transformation costs), *i.e.*, an increase of +4.5% *vs.* 2021 (on an underlying basis).

The rise can be mainly attributed to the EUR 864 million contribution to the Single Resolution Fund, which increased by EUR 278 million, currency effects, notably in US dollars, and a rise in the variable components of employee remuneration associated with higher revenues.

Underlying gross operating income increased by +18.9% to EUR 10,068 million in 2022, while the underlying cost to income ratio (excluding the Single Resolution Fund) posted a 3.4 point improvement to 61.0% (*vs.* 64.4% in 2021).

Excluding the Single Resolution Fund, the underlying cost to income ratio is expected to range between 66% and 68% in 2023, based notably on normalised revenues in Global Markets.

Cost of risk

Over the full year, the cost of risk amounted to 28 basis points, landing below the guidance of between 30 and 35 basis points.

Offshore exposure to Russia was reduced to EUR 1.8 billion of EAD (Exposure At Default) at 31 December 2022, *i.e.*, a decrease of around -45% since 31 December 2021. Exposure at risk on this portfolio is estimated at less than EUR 0.6 billion, compared with less than EUR 1 billion for the previous quarter. Total associated provisions stood at EUR 427 million at end-December 2022. Moreover, at end-December 2022, the Group's residual exposure to Rosbank amounted to less than EUR 0.1 billion, corresponding mainly to guarantees and letters of credit.

The Group's provisions on performing loans amounted to EUR 3,769 million at end-December, an increase of EUR 414 million in 2022.

The non-performing loans ratio amounted to 2.8%[1] at 31 December 2022, down 10 basis points *vs*. 31 December 2021. The gross coverage ratio on doubtful loans for the Group stood at 48%[2] at 31 December 2022.

The cost of risk in 2023 is expected to range between 30 and 35 basis points.

Operating income

Operating income totalled EUR 7,782 million in 2022 compared with EUR 7,508 million in 2021. Underlying operating income came to EUR 8,421 million compared with EUR 7,770 million in 2021.

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR -3,290 million in 2022, of which a EUR -3.3 billion accounting loss from the disposal of Rosbank and insurance activities in Russia recognised in H1 22.

Net income

(In EURm)	2022	2021
Reported Group net income	2,018	5,641
Underlying Group net income	5,616	5,264

(In %)	2022	2021
ROTE (reported)	2.9%	11.7%
Underlying ROTE	9.6%	10.2%

(1) NPL ratio calculated according to EBA methodology published on 16 July 2019.
(2) Ratio of S3 assets calculated on the gross carrying amount of the loans before netting of guarantees and collateral.

2.3 ACTIVITY AND RESULTS OF THE CORE BUSINESSES

2.3.1 RESULTS BY CORE BUSINESSES

	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
(In EURm)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net banking income	**8,839**	**8,489**	**9,122**	**8,117**	**10,082**	**8,818**	**16**	**374**	**28,059**	**25,798**
Operating expenses	(6,473)	(6,248)	(4,334)	(4,203)	(6,634)	(6,250)	(1,189)	(889)	(18,630)	(17,590)
Gross operating income	**2,366**	**2,241**	**4,788**	**3,914**	**3,448**	**2,568**	**(1,173)**	**(515)**	**9,429**	**8,208**
Net cost of risk	(483)	(125)	(705)	(504)	(421)	(65)	(38)	(6)	(1,647)	(700)
Operating income	**1,883**	**2,116**	**4,083**	**3,410**	**3,027**	**2,503**	**(1,211)**	**(521)**	**7,782**	**7,508**
Net income from companies accounted for by the equity method	8	1	1	0	6	4	0	1	15	6
Net profits or losses from other assets	57	23	11	18	6	(9)	(3,364)	603	(3,290)	635
Impairment losses on goodwill	-	-	-	-	-	-	-	(114)	-	(114)
Income tax	(504)	(592)	(996)	(840)	(576)	(452)	516	187	(1,560)	(1,697)
Net income	1,444	1,548	3,099	2,588	2,463	2,046	(4,059)	156	2,947	6,338
o.w. non-controlling interests	*(1)*	*(2)*	*723*	*506*	*36*	*28*	*171*	*165*	*929*	*697*
Group net income	**1,445**	**1,550**	**2,376**	**2,082**	**2,427**	**2,018**	**(4,230)**	**(9)**	**2,018**	**5,641**
Cost-to-income ratio	73.2%	73.6%	47.5%	51.8%	65.8%	70.9%			66.4%	68.2%
Average allocated capital[(1)]	**12,417**	**12,009**	**10,619**	**10,246**	**14,916**	**14,055**	**17,213**	**16,323**	**55,164**	**52,634**
RONE (businesses)/ROTE (Group)	**11.6%**	**12.9%**	**22.4%**	**20.3%**	**16.3%**	**14.4%**			**2.9%**	**11.7%**

(1) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements).

2.3.2 FRENCH RETAIL BANKING

(In EURm)	2022	2021	Change
Net banking income	**8,839**	**8,489**	**+4.1%**
Net banking income (excl. PEL/CEL)	*8,647*	*8,450*	*+2.3%*
Operating expenses	(6,473)	(6,248)	+3.6%
Gross operating income	**2,366**	**2,241**	**+5.6%**
Net cost of risk	(483)	(125)	x 3.9
Operating income	**1,883**	**2,116**	**-11.0%**
Net income from companies accounted for by the equity method	8	1	x8.0
Net profits or losses from other assets	57	23	x2.5
Impairment losses on goodwill	0	0	n/s
Income tax	(504)	(592)	-14.9%
Net income	**1,444**	**1,548**	**-6.7%**
o.w. non-controlling interests	*(1)*	*(2)*	*+50.0%*
Group net income	**1,445**	**1,550**	**-6.8%**
Cost-to-income ratio	73.2%	73.6%	
Average allocated capital	12,417	12,009	
RONE	**11.6%**	**12.9%**	

Activity and net banking income

In 2022, revenues totalled EUR 8,839 million, up +4.1% *vs.* 2021, including PEL/CEL. Net interest income and other revenues, including PEL/CEL, were up +2.9% *vs.* 2021. Fees were +5.6% higher than in 2021, benefiting from strong growth in service and financial fees.

In respect of the outlook, 2023 will be a transition year with decreased revenues due to the negative impacts of the end of the TLTRO benefit for around EUR 0.3bn *vs.* 2022, the specific functioning of the French market that will continue to curb loan production due to the usury rate, as was also the case in 2022, and the continued rise in the regulated savings rate that will have an impact on net banking income of around EUR 50m for each 25 basis point increase. Furthermore, net interest margin hedges that will gradually mature as of 2024 will deprive us in 2023 of the benefit of increased savings.

SOCIETE GENERALE AND CRÉDIT DU NORD NETWORKS

Life insurance assets under management totalled EUR 109 billion at end-December 2022, unchanged year-on-year (with the unit-linked share accounting for 32%).

On 1 January 2023 and on schedule, Societe Generale Group performed the legal merger of its two French retail banking networks, Societe Generale and Crédit du Nord. SG is henceforth the Group's new retail bank in France. SG bank's ambition is to create a top-tier banking partner, serving 10 million clients in the French market and ranking among the Top 3 for customer satisfaction.

BOURSORAMA

The bank enjoyed a new client acquisition record, attracting more than 1.4 million net new clients in 2022 (2x the 2021 level), including nearly 396,000 in Q4 22 alone. The bank consolidated its position as the leading online bank in France, with almost 4.7 million clients at end-December 2022, and a target of more than 5.5 million clients at the end of 2023. In the meantime, the acquisition cost per client contracted by around -20% relative to 2021.

PRIVATE BANKING

Private Banking activities, which were transferred to French Retail Banking at the beginning of 2022, cover private banking activities in France and internationally. Assets under management totalled EUR 147 billion at end-December 2022. Asset inflow growth rose +4% in 2022 relative to end-2021. Net banking income amounted to EUR 296 million over the quater, (+7.6% *vs.* Q4 21) and totalled EUR 1,278 million over the full year (+15.9% *vs.* 2021).

Operating expenses

In 2022, operating expenses came to EUR 6,473 million (+3.6% *vs.* 2021). The cost to income ratio stood at 73.2%, down 0.4 points *vs.* 2021.

Cost of risk

In 2022, the cost of risk amounted to EUR 483 million or 20 basis points, *i.e.*, higher than in 2021 (EUR 125 million or 5 basis points), which breaks down into EUR 101 million for a reversal of an S1/S2 provision and EUR 382 million for an S3 provision (non-performing outstandings).

Contribution to Group net income

In 2022, the contribution to Group net income was EUR 1,445 million, contracting to -6.8% *vs.* 2021. Underlying normative RONE came to 11.6% in 2022 (13.4% excluding Boursorama).

2.3.3 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

(In EURm)	2022	2021	Change	
Net banking income	**9,122**	**8,117**	**12.4%**	**17.9%***
Operating expenses	(4,334)	(4,203)	3.1%	10.0%*
Gross operating income	**4,788**	**3,914**	**22.3%**	**26.0%***
Net cost of risk	(705)	(504)	39.9%	7.6%*
Operating income	**4,083**	**3,410**	**19.7%**	**29.9%***
Net income from companies accounted for by the equity method	1	0	n/s	n/s
Net profits or losses from other assets	11	18	-38.9%	-36.8%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(996)	(840)	18.6%	26.7%*
Net income	**3,099**	2,588	19.7%	29.1%*
o.w. non-controlling interests	*723*	*506*	*42.9%*	*42.2%**
Group net income	**2,376**	**2,082**	**14.1%**	**25.6%***
Cost-to-income ratio	47.5%	51.8%		
Average allocated capital	10,619	10,246		
RONE	**22.4%**	**20.3%**		

Net banking income amounted to EUR 9,122 million over the full year, up +17.9%* (+12.4%) *vs.* 2021.

Operating expenses totalled EUR 4,334 million, an increase of +10.0%* (+3.1%) *vs.* 2021. The cost to income ratio stood at 47.5% in 2022.

The cost of risk amounted to 52 basis points (EUR 705 million) in 2022 It was 38 basis points in 2021.

The contribution to Group net income totalled EUR 2,376 million in 2022 (+25.6%*, +14.1% *vs.* 2020). Underlying RONE stood at a high 22.4% in 2022 (*vs. 20*.3% in 2021).

International Retail Banking

(In EURm)	2022	2021	Change	
Net banking income	**5,153**	**5,000**	**3.1%**	**11.5%***
Operating expenses	(2,794)	(2,914)	-4.1%	5.9%*
Gross operating income	**2,359**	**2,086**	**13.1%**	**18.8%***
Net cost of risk	(637)	(429)	48.5%	11.7%*
Operating income	**1,722**	**1,657**	**3.9%**	**21.7%***
Net income from companies accounted for by the equity method	1	0	n/s	n/s
Net profits or losses from other assets	11	18	-38.9%	-36.9%*
Impairment losses on goodwill	0	0	n/s	n/s*
Income tax	(441)	(405)	8.9%	23.5%*
Net income	1,293	1,270	1.8%	20.0%*
o.w. non-controlling interests	*453*	*334*	*35.6%*	*34.7%**
Group net income	**840**	**936**	**-10.3%**	**13.2%***
Cost-to-income ratio	54.2%	58.3%		
Average allocated capital	5,562	5,750		

International Retail Banking's outstanding loans posted healthy momentum of EUR 88.2 billion, up +5.6%* for 2022. Outstanding deposits totalled EUR 78.5 billion, a slight +1.4%* increase relative to 2021.

For the Europe scope, outstanding loans were up +4.9%* *vs*. 2021 at EUR 63.8 billion, driven by positive momentum on the corporate segment in the Czech Republic (+11.0%* *vs*. 2021). Outstanding deposits are stable* at EUR 51.6 billion. Robust momentum in Romania (+8.3%* *vs*. 2021) offset the slowdown in the Czech Republic notably due to a shift in some deposits towards financial savings.

In Africa, Mediterranean Basin and French Overseas Territories, over the year, outstanding deposits continued to enjoy positive momentum, up by +7.5%* and +5.6%* respectively *vs*. 2021.

International Retail Banking's net banking income stood at 5,153 million, up +11.5%* *vs*. 2021.

Revenues in Europe climbed +13.5%* *vs*. 2021, due primarily to substantial growth in net interest income (+15.7%*), driven notably by the Czech Republic (+33.6%*) and Romania (+17.5%*). These regions benefit from increased volumes and high interest rates.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +8.7%* *vs*. 2021 on back of net interest income (+5.0%*) and fees (+11.2%*).

In International Retail Banking, rising costs were kept contained over the year at +5.9%* *vs.* 2021 despite spiking inflation.

Insurance

(In EURm)	2022	2021	Change	
Net banking income	**1,012**	**963**	**5.1%**	**6.5%***
Operating expenses	(391)	(373)	4.8%	7.2%*
Gross operating income	**621**	**590**	**5.3%**	**6.1%***
Net cost of risk	0	0	n/s	n/s*
Operating income	**621**	**590**	**5.3%**	**6.1%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s*
Net profits or losses from other assets	0	(1)	100.0%	100.0%*
Impairment losses on goodwill	0	0	n/s	n/s*
Income tax	(161)	(165)	-2.4%	-1.7%*
Net income	460	424	8.5%	9.1%*
o.w. non-controlling interests	*3*	*3*	*0.0%*	*-15.3%**
Group net income	**457**	**421**	**8.6%**	**9.3%***
Cost-to-income ratio	38.6%	38.7%		
Average allocated capital	2,118	2,032		

In the Insurance business, life insurance outstandings showed resilience in 2022, totalling EUR 131.6 billion despite unfavourable market conditions. The share of unit-linked products in outstandings remained high at 36%. Gross life insurance savings inflow amounted to EUR 12,754 million in 2022 (42% of unit-linked products in 2022). Protection insurance saw an increase of +5.8%* *vs.* 2021, with good momentum for personal protection premiums that rose +8.0%* and a more minor +4.1%* increase for P&C insurance.

The Insurance business posted net banking income up +6.5%*, at EUR 1,012 million *vs.* 2021 driven by stronger life insurance savings and protection activities.

In the Insurance business, operating expenses were up +7.2%* *vs.* 2021, with a cost to income ratio of 38.6%.

Financial Services

(In EURm)	2022	2021	Change	
Net banking income	**2,957**	**2,154**	**37.3%**	**35.8%***
Operating expenses	(1,149)	(916)	25.4%	22.1%*
Gross operating income	**1,808**	**1,238**	**46.0%**	**46.1%***
Net cost of risk	(68)	(75)	-9.3%	-13.1%*
Operating income	**1,740**	**1,163**	**49.6%**	**49.9%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s*
Net profits or losses from other assets	0	1	-100.0%	-100.0%*
Impairment losses on goodwill	0	0	n/s	n/s*
Income tax	(394)	(270)	45.9%	46.1%*
Net income	1,346	894	50.6%	51.0%*
o.w. non-controlling interests	*267*	*169*	*58.0%*	*58.5%**
Group net income	**1,079**	**725**	**48.8%**	**49.3%***
Cost-to-income ratio	38.9%	42.5%		
Average allocated capital	2,909	2,444		

Financial Services also enjoyed very solid momentum. Operational Vehicle Leasing and Fleet Management posted growth of +3.1% *vs.* end-December 2021 and the number of contracts totalled 1.8 million (excluding contracts involving Russia, Belarus and remediation actions agreed with anti-trust authorities, Portugal, Ireland and Norway, excepting NF Fleet Norway). Equipment Finance outstanding loans were slightly higher (+2.2%) than at end-December 2021, at EUR 15 billion (excluding factoring).

Over the year, ALD's net banking income was up +43%* *vs.* 2021 driven by positive commercial dynamics, still strong used car sales results (EUR 2,846 per unit in 2022).

In 2022, Financial Services' net banking income totalled EUR 2,957 million in 2022, up +35.8%* *vs.* 2021.

In the Insurance business, operating expenses were up +7.2%* *vs.* 2021, with a cost to income ratio of 38.6%

2.3.4 GLOBAL BANKING AND INVESTOR SOLUTIONS

(In EURm)	2022	2021	Change	
Net banking income	**10,082**	**8,818**	**14.3%**	**12.9%***
Operating expenses	(6,634)	(6,250)	6.1%	6.2%*
Gross operating income	**3,448**	**2,568**	**34.3%**	**28.8%***
Net cost of risk	(421)	(65)	x 6.5	x 6.1*
Operating income	**3,027**	**2,503**	**20.9%**	**16.0%***
Net income from companies accounted for by the equity method	6	4	50.0%	50.0%*
Net profits or losses from other assets	6	(9)	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(576)	(452)	27.4%	20.9%*
Net income	2,463	2,046	20.4%	15.8%*
o.w. non-controlling interests	*36*	*28*	*28.6%*	*25.2%**
Group net income	**2,427**	**2,018**	**20.3%**	**15.6%***
Cost-to-income ratio	65.8%	70.9%		
Average allocated capital	14,916	14,055		
RONE	**16.3%**	**14.4%**		

Global Banking & Investor Solutions delivered record revenue in 2022[(1)], posting revenue up by +14.3% *vs.* 2021 of EUR 10,082 million, driven by robust momentum across all business lines. This very sound financial performance is predominantly due to the highly successful execution of the strategic plan unveiled in May 2021, the aim of which is to create value continuously over the long term.

In 2022, operating expenses came to EUR 6,634 million (+6.1% *vs.* 2021). The increase can be primarily explained by a negative currency effect owing to the stronger US dollar and a rise in IFRIC 21 charges. Excluding the contribution to the Single Resolution Fund, operating expenses rose +2.8% *vs.* 2021. Consistent with a positive jaws effect, the underlying cost to income ratio excluding the contribution to the Single Resolution Fund improved strongly to 59.6% *vs.* 66.3% in 2021.

In 2022, the cost of risk amounted to 23 basis points (EUR 421 million).

The contribution to Group net income grew sharply by +20.3% to EUR 2,427 million in 2022.

Global Banking & Investor Solutions posted strong RONE of 16.3% in 2022 (19.5% restated for the impact of the contribution to the Single Resolution Fund).

(1) Using a comparable economic model in the post-GFC (Global Financial Crisis) regulatory regime.

Global Markets & Investor Services

(In EURm)	2022	2021	Change	
Net banking income	**6,708**	**5,650**	**18.7%**	**14.1%***
Operating expenses	(4,705)	(4,301)	9.4%	5.9%*
Gross operating income	**2,003**	**1,349**	**48.5%**	**39.4%***
Net cost of risk	5	(2)	n/s	n/s*
Operating income	**2,008**	**1,347**	**49.1%**	**39.9%***
Net income from companies accounted for by the equity method	6	4	50.0%	50.0%*
Net profits or losses from other assets	3	(8)	n/s	n/s*
Impairment losses on goodwill	0	0	n/s	n/s*
Income tax	(458)	(284)	61.3%	50.5%*
Net income	1,559	1,059	47.2%	38.4%*
o.w. non-controlling interests	*35*	*27*	*29.6%*	*26.1%**
Group net income	**1,524**	**1,032**	**47.7%**	**38.7%***
Cost-to-income ratio	70.1%	76.1%		
Average allocated capital	7,990	7,993		

In Global Markets & Investor Services, net banking income totalled EUR 6,708 million, up +18.7% *vs*. 2021.

Global Markets notched up a record performance[(1)] of EUR 5,859 million, up +17.1% *vs*. 2021, benefiting from robust commercial activity in a durably volatile environment, particularly with regard to interest rates.

The Equity activity recorded its best-ever year[(1)] in 2022, registering revenues of EUR 3,294 million , up +4.7% *vs*. 2021.

Amid highly volatile interest rates, Fixed Income and Currencies (FIC) posted a record year[(1)], generating EUR 2,565 million in revenues, up +38.2% *vs*. 2021.

Securities Services' revenues grew +31.2% in 2022 to EUR 849 million, including EUR 168 million from a 2022 revaluation of our stake in Euroclear.

Assets under Custody and Assets under Administration amounted to EUR 4,257 billion and EUR 580 billion, respectively.

(1) Using a comparable economic model in the post-GFC (Global Financial Crisis) regulatory regime.

Financing and Advisory

(In EURm)	2022	2021	Change	
Net banking income	**3,374**	**2,929**	**15.2%**	**10.7%***
Operating expenses	(1,929)	(1,765)	9.3%	6.9%*
Gross operating income	**1,445**	**1,164**	**24.1%**	**16.4%***
Net cost of risk	(426)	(63)	x 6,8	x 6.4*
Operating income	**1,019**	**1,101**	**-7.4%**	**-13.3%***
Net income from companies accounted for by the equity method	0	0	n/s	n/s*
Net profits or losses from other assets	3	(1)	n/s	n/s*
Impairment losses on goodwill	0	0	n/s	n/s*
Income tax	(118)	(155)	-23.9%	-31.4%*
Net income	904	945	-4.3%	-9.8%*
o.w. non-controlling interests	*1*	*1*	*0.0%*	*0.0%**
Group net income	**903**	**944**	**-4.3%**	**-9.8%***
Cost-to-income ratio	57.2%	60.3%		
Average allocated capital	6,917	5,971		

Financing & Advisory activities also posted an excellent performance, with record annual revenues of EUR 3,374 million, up +15.2% *vs.* 2021.

The Global Banking & Advisory business grew +9.3% in 2022 and continued to capitalise on solid market momentum in Asset Finance and activities related to Natural Resources. The Asset-Backed Products platform also turned in a solid performance in 2022. By contrast, investment banking activities were negatively impacted by market conditions and falling volumes.

Global Transaction and Payment Services posted a record performance, with revenue growth of 44.7% in 2022 on the back of very strong performances across all activities that took advantage of rising interest rates and excellent commercial performances.

2.3.5 CORPORATE CENTRE

(In EURm)	2022	2021	Change
Net banking income	**16**	**374**	**-95.7%**
Underlying net banking income	*16*	*257*	*-93.8%*
Operating expenses	(1,189)	(889)	33.7%
Underlying operating expenses	*(550)*	*(510)*	*+7.8%*
Gross operating income	**(1,173)**	**(515)**	**n/s**
Underlying gross operating income	***(534)***	***(253)***	***n/s***
Net cost of risk	(38)	(6)	x 6.3
Operating income	**(1,211)**	**(521)**	**n/s**
Net income from companies accounted for by the equity method	0	1	n/s
Net profits or losses from other assets	(3,364)	603	n/s
Impairment losses on goodwill	0	(114)	n/s
Income tax	516	187	x 2.8
Net income	(4,059)	156	n/s
o.w. non-controlling interests	*171*	*165*	*3.6%*
Group net income	**(4,230)**	**(9)**	**n/s**
Underlying Group net income	***(633)***	***(386)***	***n/s***

The Corporate Centre includes:

- the property management of the Group's head office;
- the Group's equity portfolio;
- the Group's Treasury function;
- certain costs related to cross-functional projects as well as certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR +16 million in 2022 *vs*. EUR +374 million in 2021. It includes the negative revaluation of financial instruments to hedge the equity portfolios of Group subsidiaries, in contrast to 2021, when the Corporate Centre's net banking income included the positive revaluation of an asset valued at EUR 117 million.

Operating expenses totalled EUR 1,189 million in 2022 *vs*. EUR 889 million in 2021. They include the Group's transformation costs for a total amount of EUR 639 million relating to the activities of French Retail Banking (EUR 370 million), Global Banking & Investor Solutions (EUR 117 million) and the Corporate Centre (EUR 152 million). Underlying costs came to EUR -550 million in 2022 compared to EUR -510 million in 2021.

Gross operating income totalled EUR -1,173 million in 2022 *vs*. EUR -515 million in 2021.

Net profits or losses from other assets totalled EUR -3,364 million in 2022 *vs*. EUR 603 million in 2021. It includes the EUR -3.3 billion accounting loss from the disposal of Rosbank and insurance activities in Russia recognised in H1 22.

The Corporate Centre's contribution to Group net income totalled EUR -4,230 million in 2022 *vs.* EUR -9 million in 2021. The Corporate Centre's contribution to Group underlying net income was EUR -633 million in 2022, *vs.* EUR -386 million in 2021.

2.3.6 DEFINITIONS AND METHODOLOGY, ALTERNATIVE PERFORMANCE MEASURES

Framework

The financial information presented in respect of the financial year ended 31 December 2022 was examined by the Board of Directors on 7 February 2023 and was prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

Capital allocation

In 2022, the allocation of normative capital to the businesses on the basis of their capital consumption was determined in accordance with CRR rules, *i.e.* 11% of their risk-weighted assets, supplemented by the consumption of Common Equity Tier 1 capital chargeable to each business after taking into account non-controlling interests and the adjustment of capital consumption in insurance activities. Accordingly, the capital allocation rule applies to the Group's three pillars - French Retail Banking, International Retail Banking & Financial Services, and Global Banking & Investor Solutions - and enables each activity's capital consumption and profitability to be calculated by activity on a standalone and uniform basis, taking into account the Group's regulatory constraints.

Net banking income

Net banking income (NBI) for each business division includes:

- revenues generated by its activity;
- the yield on normative capital allocated to the business division, which is calculated using a long-term rate by currency. In return, in order to compare performances between the Group's different business lines, book capital is reassigned to the Corporate Centre at the same rate.

Moreover, capital gains and losses generated by the business divisions on the disposal of shares in non-consolidated entities, and income from management of the Group's industrial and bank equity portfolios, are booked under NBI as these securities are classified as available-for-sale financial assets.

Operating expenses

Operating expenses for the business divisions correspond to the "Operating Expenses" as presented in Note 8.2 to the Group's consolidated financial statements at 31 December 2022 (see pages 509 to 510) and include their direct expenses, their management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the business divisions. The Corporate Centre only books costs related to its own activity, along with certain technical adjustments.

Cost-to-income ratio

The cost-to-income ratio indicates the operating expenses of a business in relation to its net banking income. This indicator provides a measure of a system's effectiveness (see glossary).

IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they fall due (generating event) in order to recognise only the portion concerning the current quarter, *i.e.* a quarter of the total. It consists of smoothing the charge recognised over the financial year to provide a more reliable economic picture of the costs actually attributable to the activity over the period under review. By applying the IFRIC 21 adjustment, the expense – previously recognised progressively if the generating event occurs over a period of time – is instead recognised once and in its entirety. The contributions to the Single Resolution Fund ("SRF") are part of IFRIC21 adjusted charges; they include contributions to national resolution funds within the EU.

Underlying indicators

The Group may be required to present underlying indicators to gain a clearer understanding of its actual performance.

Underlying data is obtained from reported data by restating the latter and taking into account exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the allocations or reversals of PEL/CEL provisions on French Retail Banking's revenues and income. This adjustment provides a clearer picture of revenues and income by excluding volatile items related to commitments on regulated savings.

The reconciliation of underlying data obtained from reported data appears in the table below:

(In EURm)	2022	2021	Change	
Net Banking Income	**28,059**	**25,798**	**+8.8%**	
Reevaluation gain	-	(117)		Corporate Centre
Underlying Net Banking Income	**28,059**	**25,681**	**+9.3%**	
Operating Expenses(1)	**(18,630)**	**(17,590)**	**+5.9%**	
Transformation charges(2)(3)	639	379		Corporate Centre
Underlying operating expenses	**(17,991)**	**(17,211)**	**+4.5%**	
Net cost of risk	**(1,647)**	**(700)**	**x 2.4**	
Net profit or losses from other assets	**(3,290)**	**635**	**n/s**	
Restatements including disposal of Russian activities in 2022 and disposal of Lyxor in 2021	3,357	(624)		Corporate Centre
Underlying net profit or losses from other assets	**67**	**11**	**n/s**	
Net income from companies under equity method	**15**	**6**	**x 2.5**	
Impairment losses on goodwill	**-**	**(114)**	**n/s**	
Goodwill impairment	-	114		Corporate Centre
Underlying impairment losses on goodwill	**-**	**0**	**n/s**	
Income tax	**(1,560)**	**(1,697)**	**-8.1%**	
DTA recognition	-	(130)		Corporate Centre
Other impacts	(386)	1		Corporate Centre
Underlying income tax	**(1,946)**	**(1,826)**	**+6.6%**	
Group net income	**2,018**	**5,641**	**-64.2%**	
Effect in Group net income of above restatements	3,598	(377)		
Underlying Group Net income	**5,616**	**5,264**	**+6.7%**	

(1) Reflects the sum total of the following items in the financial statements: Personnel expenses + Other operating expenses + Amortisation, depreciation and impairment of tangible and intangible fixed assets.

(2) 2022: French Retail Banking (EUR 370m), Global Banking & Investor Solutions (EUR 117m) and Corporate Centre (EUR 152m).

(3) 2021: French Retail Banking (EUR 194m), Global Banking & Investor Solutions (EUR 99m) and Corporate Centre (EUR 86m).

Cost of risk

Net cost of risk is charged to each business division to reflect the cost of risk inherent in their activity during each financial year. Impairment losses and provisions concerning the whole Group are booked by the Corporate Centre.

Societe Generale's commercial net cost of risk is expressed in basis points. It is calculated by dividing the net annual allocation to provisions for commercial risks by average loan outstandings at the end of the four quarters preceding the closing date. This indicator reveals the level of risk borne by each of the pillars as a percentage of balance sheet loan commitments, including operating leases. The key items used in this calculation are indicated in the table below.

		2022	2021
French Retail Banking	Net cost of risk *(In EURm)*	483	125
	Gross loan outstandings *(In EURm)*	246,249	235,220
	Cost of risk in bp	**20**	**5**
International Retail Banking and Financial Services	Net cost of risk *(In EURm)*	705	504
	Gross loan outstandings *(In EURm)*	135,743	133,321
	Cost of risk in bp	**52**	**38**
Global Banking and Investor Solutions	Net cost of risk *(In EURm)*	421	65
	Gross loan outstandings *(In EURm)*	182,110	148,426
	Cost of risk in bp	**23**	**4**
Societe Generale Group	Net cost of risk *(In EURm)*	1,647	700
	Gross loan outstandings *(In EURm)*	579,513	530,801
	Cost of risk in bp	**28**	**13**

Gross coverage ratio for doubtful outstandings

“Doubtful outstandings” are outstandings that are in default pursuant to the regulations.

The gross doubtful outstandings ratio measures the doubtful outstandings recognised in the balance sheet compared with gross loan outstandings.

The gross coverage ratio for doubtful outstandings is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as being in default pursuant to the regulations, without taking into account any guarantees provided. The coverage ratio measures the maximum residual risk associated with outstandings in default, otherwise referred to as “doubtful”.

Net income/expense from other assets

Net income or expense from other assets essentially comprises capital gains and losses on operating fixed assets, or when the Group ceases to control a consolidated subsidiary, as well as goodwill immediately written down when the Group takes control of an entity and recalculates the stake previously held by the Group in entities that have been fully consolidated during the year.

Income tax

The Group’s tax position is managed centrally.

Income tax is charged to each Business Division on the basis of a normative tax rate which takes into account the local tax rate of the countries in which it conducts its activities and the nature of its revenues. The difference between the income tax charged to the Group’s consolidated companies and the sum of normative taxes of the strategic pillars is assigned to the Corporate Centre.

ROE, ROTE

Group ROE and ROTE is calculated on the basis of average Group shareholders’ equity under IFRS.

It excludes:

- unrealised or deferred capital gains or losses booked directly under shareholders’ equity, excluding conversion reserves;
- deeply subordinated notes;
- undated subordinated notes adjusted as shareholders’ equity.

It deducts:

- interest payable to holders of deeply subordinated notes and of adjusted, undated subordinated notes;
- a provision in respect of the dividends to be paid to shareholders.

For the ROTE, the following items are also excluded:

- average net goodwill in the assets, and underlying average goodwill relating to shareholdings in companies accounted for by the equity method;
- average net intangible assets.

Net income used to calculate ROE is based on Group net income adjusted for interest to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of adjusted deeply subordinated notes and undated subordinated notes.

Net income used to calculate ROTE is based on Group net income excluding the goodwill impairment loss but reinstating interest on deeply subordinated notes for the period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for deeply subordinated notes) and interest on undated subordinated notes (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for undated subordinated notes).

RONE

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group’s businesses (see “capital allocation” above). The allocation principle in force since 1 January 2016 consists of allocating to each business normative equity corresponding to 11% of its risk-weighted assets.

The key items used in this calculation are indicated in the tables below.

(In EURm, end of period)	2022	2021
Shareholders' equity Group share*	**66,451**	**65,067**
Deeply subordinated notes	(10,017)	(8,003)
Undated subordinated notes	-	-
Interest of deeply & undated subordinated notes, issue premium amortisations(1)	(24)	20
OCI excluding conversion reserves	1,279	(489)
Dividend provision(2)	(1,803)	(2,286)
ROE equity end-of-period	**55,886**	**54,310**
Average ROE equity*	**55,164**	**52,634**
Average Goodwill	(3,650)	(3,890)
Average Intangible Assets	(2,760)	(2,584)
Average ROTE equity*	**48,754**	**46,160**
Group net Income	**2,018**	**5,641**
Interest on deeply subordinated notes and undated subordinated notes	(596)	(590)
Cancellation of goodwill impairment	3	337
Adjusted Group net Income	**1,425**	**5,388**
Average ROTE equity*	48,754	46,160
ROTE	**2.9%**	**11.7%**
Underlying Group net income	**5,616**	**5,264**
Interest on deeply subordinated notes and undated subordinated notes	(596)	(590)
Cancellation of goodwill impairment	3	-
Adjusted Underlying Group net Income	**5,023**	**4,674**
Average ROTE equity (underlying)*	52,302	45,783
Underlying ROTE	**9.6%**	**10.2%**

* *Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements).*
(1) *Interest net of tax, payable or paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations.*
(2) *Based on the proposed 2022 distribution subject to usual approvals from the General meeting and the ECB.*

RONE CALCULATION: AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES

(In EURm)	2022	2021
French Retail Banking	12,417	12,009
International Retail Banking and Financial Services	10,619	10,246
Global Banking and Investor Solutions	14,916	14,055

Earnings per share

In accordance with IAS 33, to calculate earnings per share, "Group net income" for the period is adjusted by the amount (net of tax, capital gains/losses on partial buybacks of securities issued and classified as equity) of costs pertaining to these equity instruments and the interest paid on them.

Earnings per share is therefore calculated as the ratio of corrected Group net income for the period to the average number of ordinary outstanding shares, excluding own shares and treasury shares, but including:

a) trading shares held by the Group; and

b) shares held under the liquidity contract.

The Group also reports its underlying earnings per share, *i.e.* corrected for exceptional items and the IFRIC 21 adjustment.

	2022	2021
Existing shares *(average number, in thousands of shares)*	**845,478**	**853,371**
Deductions *(in thousands of shares)*		
Shares allocated to cover stock option plans and free shares awarded to staff *(average, in thousands of shares)*	6,252	3,861
Other own shares and treasury shares	16,788	3,249
Number of shares used to calculate EPS(1)	**822,437**	**846,261**
Group net Income *(In EURm)*	**2,018**	**5,641**
Interest on deeply subordinated notes and undated subordinated notes *(In EURm)*	(596)	(590)
Adjusted Group net income *(In EURm)*	**1,422**	**5,051**
EPS *(In EUR)*	**1.73**	**5.97**
Underlying EPS(2) *(In EUR)*	**6.10**	**5.52**

(1) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.
(2) Calculated on the basis of underlying Group net income (excluding linearisation of IFRIC 21).

Net Asset, Net Tangible Asset Value

Net assets comprise Group shareholders' equity, excluding:

- deeply subordinated notes, undated subordinated notes previously recognised as debt; and
- interest payable to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract.

Tangible net assets are corrected for net goodwill in the assets, goodwill under the equity method and intangible assets.

In order to calculate Net Asset Value Per Share or Net Tangible Asset Value Per Share, the number of shares used to calculate book value per share is the number of shares issued at the end of the period, excluding own shares and treasury shares, but including:

- trading shares held by the Group; and
- shares held under the liquidity contract.

(In EURm, end of period)	2022	2021
Shareholders' equity Group share*	**66,451**	**65,067**
Deeply subordinated notes	(10,017)	(8,003)
Undated subordinated notes		
Interest of deeeply & undated subodinated notes, issue premium amortisations(1)	(24)	20
Book value of own shares in trading portfolio	67	37
Net Asset Value*	**56,477**	**57,121**
Goodwill	(3,652)	(3,624)
Intangible Asset	(2,882)	(2,733)
Net Tangible Asset Value*	**49,943**	**50,764**
Number of shares used to calculate NAPS(2)	**801,147**	**831,162**
Net Asset Value per Share	**70.5**	**68.7**
Net Tangible Asset Value per Share	**62.3**	**61.1**

** Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the Financial statements).*
(1) Interest net of tax, payable or paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations.
(2) In thousands of shares, the number of shares considered is the number of ordinary shares outstanding at 31 December, excluding treasury shares and buybacks, but including the trading shares held by the Group. In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transactions.

Prudential capital and solvency ratios

The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules.

The fully-loaded solvency ratios are presented *pro forma* for current earnings, net of dividends, for the current financial year, unless specified otherwise.

Where reference is made to phased-in ratios, the latter include the earnings for the current financial year, unless otherwise specified.

The leverage ratio is calculated according to applicable CRR2/CRD5 rules.

2.4 EXTRA-FINANCIAL REPORT

DRIVERS OF POSITIVE TRANSFORMATION

THE ENVIRONMENTAL TRANSITION

Helping our clients with their green transition with innovative solutions to address new needs:

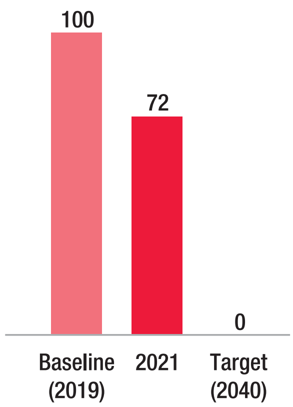
- **stepping up support for clients:** to tackle the complexity of the environment by rolling out both sector-wide and cross-sector approaches, backed by technical expertise;
- **building an ecosystem to seed innovation:**
  - developing **new partnerships** to promote **innovation;**
- **aligning portfolios with trajectories compatible with 1.5 °C scenarios:**
  - continuing **the credit portfolio alignment project:**
  - **-20%** exposure to the **oil and gas production sector in 2025** *vs.* 2019,
  - **-30%** absolute carbon emissions related to **end use of oil and gas production in 2030** *vs.* 2019,
  - **125g of CO_2 per kWh** (CO_2 emissions intensity) in 2030 for the **power generation sector.**

POSITIVE IMPACT ON LOCAL COMMUNITIES

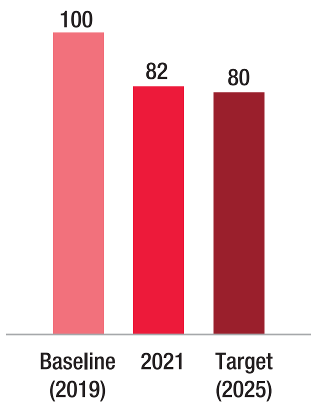
Supporting positive social and economic change at local level:

- **infrastructure financing:**
  - supporting the development of **community cohesion** in **France,**
  - **+20% in structured finance** in **Africa** by **2025** (*vs.* 2021);
- **supporting local operators, SMEs and entrepreneurs:**
  - new initiative in France **to support SMEs and mid-caps in their sustainability policies,**
  - **x2** loans to **African SMEs** by **2025** *vs.* 2020;
- **building a social and inclusive range of products and services:**
  - **no. 1 distributor of BPI France student loans,**
  - **x2 credit outstanding** with **microfinance organisations in 2025** in Africa *vs.* 2021;
- **at the cutting edge of sustainable mobility:**
  - target of at least **30% electric vehicles**[1] in new vehicle deliveries by **2025** for **ALD automotive,**
  - **ALD move,** mobility-as-a-service for customers to choose the best option according to need.

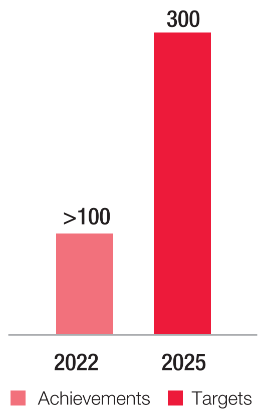
THERMAL COAL
(INDEX BASIS 100)



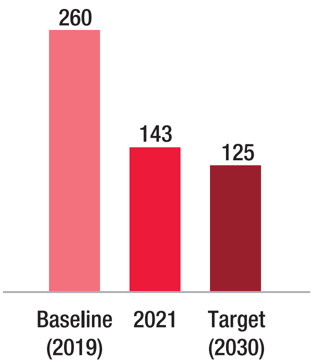
OIL & GAS
(INDEX BASIS 100)



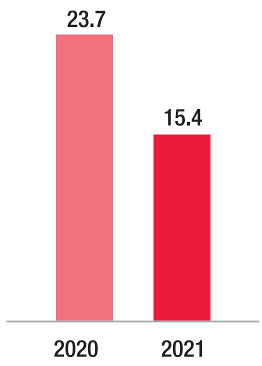
TARGETED CONTRIBUTION TO SUSTAINABLE FINANCE
(EURBN)



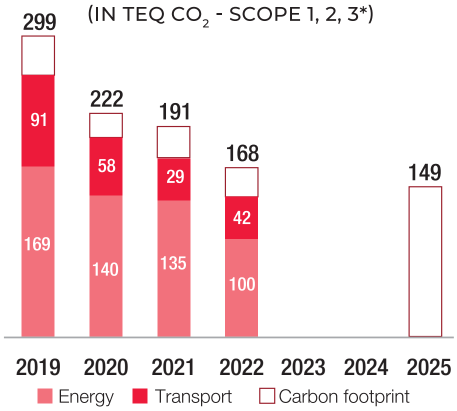
POWER GENERATION
(Gr OF CO_2 PER KWH)



MARITIME TRANSPORT
(ALIGNMENT SCORE)



SOCIETE GENERALE'S CARBON FOOTPRINT
(IN TEQ CO_2 - SCOPE 1, 2, 3*)



**The carbon footprint presented here is the footprint generated by Societe Generale in the conduct of its business. Scope 3 does not include financed emissions. Historical data are presented on a reported basis.*

RESPONSIBLE BANK

RESPONSIBLE EMPLOYER

Offer an appealing, inclusive and motivating work environment:

- **promoting workplace equality, diversity and inclusion:**
  - signed the **OneInThreeWomen charter to counter violence against women,**
  - renewed the **2023-2025 three-year agreement promoting the employment and professional integration of people with disabilities;**
- **developing employees' skills, fostering employability and mobility:**
  - **0 compulsory redundancies** as part of the VISION2025 merger project,
  - **reskilling: +35%** employees than in 2021,
  - 89% of employees completed at least one training course during the year;
- **attracting and retaining talent:**
  - launched **2 professional development programme** to accelerate **women's careers;**
- **quality of life at work and wellbeing in the workplace:**
  - signed the **Work-life quality and working conditions agreement** (QVCT) in France,
  - more than **82,000 people working remotely in 2022** (from 77,671 in 2021).

CULTURE OF RESPONSIBILITY

Ensuring all our business is conducted ethically and responsibly:

- **embedding ESG at the highest level of the organisation:**
  - **the Sustainable Development department reporting line changed to report to General Management;**
- **ensuring ethical and responsible conduct of business:**
  - standardised **management** of the bank's **Culture and Conduct** programme and created **normative documents,**
  - **updated the Group's ESG training and awareness catalogue: 100 modules** on **6 topics** for **all staff,**
  - extensive roll-out of **Climate Fresco workshops by end of 2024;**
- **managing ESG-related risks and meeting commitments:**
  - **founding member** of working groups addressing how to **decarbonise the aerospace, aluminium and steel industries,**
  - signed up to **Act4Nature Alliance** with **18 individual public commitments,**
  - updated the Group **Industrial agriculture and forestry sector policy.**

AGENCIES	2020	2021	2022	RANKING
MSCI* ESG Research	AA	AAA	AAA	Top 5% banks worldwide
Moody's ESG	68	69	69	Top 1% all companies worldwide #2 bank worldwide
Member of Down Jones Sustainability Indices Powered by the E&P Global CEA	79	80	79	96th percentile of banks worldwide
Corporate ESG Performance Prime RATED BY ISS ESG	C+**	C+	C+	"PRIME" status Top decile banks worldwide
SUSTAINALYTICS	25.9	20.2***	20.1	"Medium Risk" Top 14% banks worldwide
CDP DISCLOSURE INSIGHT ACTION	B	B	B	

** MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. Learn more about MSCI ESG ratings: https://www.msci.com/documents/1296102/15233886/MSCI-ESG-Ratings-Brochure-cbr-en.pdf/7fb1ae78-6825-63cd-5b84-f4a411171d34.*
*** 2020 rating for 3 years.*
**** Upgrade in February 2022. With a score from 0 to 100 (lower the better).*
***Note:** number of companies in each agency universe: MSCI - 191 banks; S&P Global CSA - 736 banks; Sustainalytics - 415 banks; Moody's ESG - 4,882 companies; ISS ESG - 285 banks.*

Societe Generale applies a **comprehensive approach to incorporating CSR considerations** into its range of products and services. In addition to this broad framework, Societe Generale's Corporate Social Responsibility efforts are concentrated in two main areas: **the environmental transition and contributing to local communities.** As a long-standing leader in energy, the Group has made the energy transition a priority in support for its clients. Societe Generale also plays a major role in economic development and has put sustainable development of local communities as the No. 2 priority in its action plans.

The Bank strives to help its clients on their pathway to a just, green and inclusive transition, in line with its own commitments. Sustainability is an integral part of the products and services offered to **all the Group's clients** and extends not only to financing and investment products, but also to financial services. By placing sustainability high on the agenda, the Group aims to meet the increasing demand from stakeholders around the world, whether clients, corporates, investors or individuals, for banking with a positive impact on the economy and society overall.

To monitor its positive impact and support for its clients, the Group developed a standard several years ago to measure the distribution of its Sustainable and Positive Impact Finance offer – SPIF* (see Glossary, page 688) products for lending to the economy and companies, together with a range of Sustainable and Positive Investment (SPI* (see Glossary, page 688). The SPIF and SPI standards and the data collection scope have been revised to reflect changes in the Group. These amendments are presented in the Methodology note, page 354.

Above and beyond its commitment to clients, the Group is determined to set the example in how it conducts its business to be an exemplary financial company. In other words, Societe Generale aims to be a responsible employer and to act ethically and responsibly at all times.

To make the changes needed in today's rapidly-changing environment, the Group launched "Building Together", a programme to reinvent our businesses. The three core themes are:

1. **rethinking the Bank's businesses**: we are revamping our teams' missions to develop solutions to support clients as they transition their businesses to more sustainable models;
2. **implementing the transformation**: systematically building ESG into all the Group's strategic decisions, management tools and processes and applying them to the business lines;
3. **building more expertise by training our teams**: making sure all staff receive ESG training.

To underpin this approach, a **specific programme** was introduced to step up operational implementation of the transformation: **ESG by Design.** Its main aims are to:

- apply the Group's CSR policy at operational level;
- augment ESG factors in existing processes (*e.g.* know your client, granting loans, design/structure of new products, IT architecture, etc.);
- ensure compliance with the Group's regulatory obligations and voluntary commitments by developing the processes and tools needed to manage them, with a particular focus on integrating climate and environmental risks into the Group's risk management;
- increase operational efficiency by expanding ESG reporting across the Board and building the infrastructure to shorten the time to produce ESG data, while minimising cost and ensuring high data quality.

2.4.1 DRIVERS OF POSITIVE TRANSFORMATION

The environmental transition and contributing to local communities are the Group's two top strategic priorities for 2025 and the springboard for our positive transformation efforts. Societe Generale's actions are aimed at ensuring the sustainability of its own business activities and at helping clients move towards a greener and more sustainable future.

Building on an improved product offering, and having achieved our target contribution to the energy transition ahead of schedule (EUR 157 billion at the end of 2021 *vs.* an initial target of EUR 120 billion in the period 2019–2023), Societe Generale has set a new target of a **EUR 300 billion contribution to sustainable finance (SPIF) between 2022 and 2025**, applicable to all business lines for both environmental and social issues. The Group's contribution at end-2022 was EUR 100 billion, or one-third of the target.

2.4.1.1 Supporting clients in their environmental transition

Urgent action is required to tackle climate change and rethink how we produce and consume resources. With this in mind, the banking business has to change to meet new client needs. Alive to the challenge, the Group plans to incorporate ESG considerations right from the start when it analyses what clients need. Drawing on its network of partner start-ups, Societe Generale also seeks to weave an ecosystem to offer the very latest innovations to its clients. Lastly, the Group has pressed further ahead with its drive to align its credit portfolios with trajectories that are compatible with 1.5°C scenarios.

STEPPING UP SUPPORT FOR CLIENTS

The Bank forged ahead with developing sustainable solutions in 2022. Keenly aware of the extent of the challenges involved in the environmental transition, the Group offers solutions that are more than just financial and involve including ESG factors in the client journey right from the analysis of need stage. The new range of advisory solutions for corporate clients aims to:

1. assist them in navigating the complexities of the environment, informed by the Group's participation in international industry initiatives. The aim is to help develop new skills, through both a sector-wide and cross-sector approach, backed by technical expertise and regulatory knowledge to provide the very best advice;

2. cover their investment needs with a range of finance advice services spanning the debt and equity markets, engaging with public authorities to facilitate access to private investors and help ensure projects are financially viable.

The Group encourages the emergence of new environmental transition champions and puts out new product offerings to cater to financing small-scale projects and biodiversity-friendly solutions.

BUILDING AN ECOSYSTEM TO SEED INNOVATION

The Global Markets Incubator has been working with start-ups and entrepreneurs to turn their innovative ideas into market-ready solutions since 2018. The Incubator has also upped its support for Fintechs. Start-ups working on positive-impact solutions are invited to submit applications for the Incubator's fifth round in 2022. Successful applicants will have access to the Bank's experts in fields from capital markets to financing activities and private banking to nudge them to the next stage of their development – with the support of the Group. Societe Generale strives to forge strong partnerships with the start-ups selected for the programme to speed up development and bring innovative solutions to market to meet the sustainability goals of its corporate clients, financial institutions and private investors, as well as its own CSR ambitions.

The Group invested in Impak Finance, an impact rating agency, to provide ESG data and intelligence to start-ups so they can measure their CSR performance. Komercni banca, a subsidiary of the Group in the Czech Republic, acquired ESG consulting firm Enviros to grow its environmental transition advisory offer.

Looking more specifically at biodiversity, the Group joined forces with Ecotree to develop commercial offerings that promote meaningful CSR action by promoting reforestation to protect biodiversity. These partnerships were instrumental in the introduction this year of an investment product that contributes to the preservation of biodiversity.

Turning to sustainable mobility, ALD Automotive, the Group's leasing subsidiary, took a stake in the capital of Skipr, an all-in-one corporate mobility solution for companies that want to offer options to their staff, for example, to choose a flexible and sustainable mobility budget instead of a company car. The mobility business and its associated costs are tracked using a dedicated centralised management platform. This new partnership will combine cutting-edge technology with deep mobility expertise, helping companies move towards more flexible, efficient and cost-effective sustainable mobility options.

Last, Societe Generale also partners with crowdfunding platform Lumo for energy infrastructure projects to offer opportunities for its retail customers to help finance the energy transition, and with Carbo, an app to measure – and cut – their carbon footprint.

ALIGNING PORTFOLIOS WITH TRAJECTORIES COMPATIBLE WITH 1.5°C SCENARIOS

By joining the UNEP-FI Net-Zero Banking Alliance in 2021, **the Group undertook to align its portfolios with trajectories aiming for carbon neutrality by 2050** (limiting global warming to 1.5°C), setting itself targets for 2030 (or sooner) and 2050, giving priority to its most GHG-intensive sectors. On top of its previous targets for **thermal coal sectors** (pledging to **fully withdraw** from the sector by 2030 for OECD countries and by 2040 elsewhere) and **the shipping industry**, Societe Generale has raised the bar with bolder and more ambitious targets for the **oil and gas** production sectors and financing of power generation. After implementing solid measures, including withdrawing from onshore Reserve Based Lending activities in the US, the Group raised its exposure target to **-20% by 2025** *vs.* 2019 (from the previous -10% by 2025). What is more, it has set a new target for **2030 (*vs.* 2019) for a 30% reduction in absolute carbon emissions related to end use of oil and gas production**. As regards **power generation**, the Group now has a stricter target for CO_2 emissions intensity of **125g of CO_2 per kWh by 2030** compared to the previous 2030 target of 163g of CO_2 per kWh.

Societe Generale's efforts have been applauded: the Bank was acclaimed for its global leadership in sustainable finance, winning Outstanding Leadership in Sustainable Finance from Global Finance and World's Best Bank Transition Strategy - 2022 for its energy transition strategy from Euromoney.

2.4.1.2 Making a positive impact on local communities

Putting its client-centric values into practice, the Group is focusing on making a positive impact on local communities. It gets in behind social and economic transformation at local level by financing infrastructure projects – especial social infrastructure – and supporting SMEs and entrepreneurs. Through its car leasing subsidiary, the Group's ambition is to be at the forefront of the transition to sustainable mobility. Societe Generale is also expanding its social and inclusive range of products and services, particularly in Africa, where its presence dates back over a long period. This commitment to sustainable development on the African continent features regularly on award lists: the Bank received no fewer than **17 accolades** at the 2022 EMEA Finance magazine **African Banking Awards**.

INFRASTRUCTURE FINANCING

For Societe Generale, infrastructure financing is a key driver of sustainable regional development. Support for infrastructure projects will improve access to health, education and digital technologies, while also helping to create more sustainable mobility, namely public transport.

Backed by our acknowledged expertise, we lay special emphasis on developing digital cohesion, strong and resilient health and education infrastructure, and access to sustainable transport and public services both locally and internationally. Through the combined impact of innovation and agility, the Bank offers finance solutions tailored to the needs of developers, public bodies and infrastructure funds to step up and meet the myriad challenges of shifts in technologies and its uses, and the vital imperative of progressing the energy transition and the move to more sustainable models.

In France, for example, the Group is involved in financing 25 fibre projects with leading private operators to connect 16 million households and companies. All in all, Group financing for access to IT infrastructure in 2022 amounted to EUR 830 million (+20% *vs.* 2021).

In Africa, Societe Generale merges local (around 60 experts) and global expertise behind major projects with a positive impact on the continent. It partners with leading development banks, investment funds and international consulting firms to build out and deploy its range of services. The target for the period 2021–**2025** is a **20%** increase in the Group's **structured finance** commitments in Africa. At end-2022, these commitments are estimated to be EUR 13.8 million, an increase of 12% *vs.* 2021.

In total, Societe Generale has committed nearly EUR 4 billion to social infrastructure financing.

SUPPORTING LOCAL OPERATORS, SMES AND ENTREPRENEURS

The Group gives priority to developing local economies through its support for SMEs and entrepreneurs. In tandem with setting up its new retail bank in France, Societe Generale launched a specific new resource for this client segment which entails new advisory and financing solutions offered together with its leading partners. The main components of this offer are:

- **environmental and social loans (*Prêt Environnemental et Social*, PES)** to fund environmental and social sustainability projects. PES loan origination totalled EUR 443.5 million in 2022;
- **positive impact loans in partnership with EcoVadis and EthiFinance** for companies, organisations and locales or regional authorities to offer finance solutions that incorporate an ESG indicator and a target for this indicator;
- a dedicated **photovoltaic and wind energy team** to handle financing of these projects;
- **partnership with LUMO**, a Societe Generale subsidiary, the crowdfunding platform helping clients secure funding for environmental and social impact projects;
- **connecting Group customers with leading organisations, such as EcoVadis, Ethifinance and Carbo** for CSR expertise;
- local support system in the regions, based on key contacts.

On the international stage, the Group's objective is to **double its credit exposure to African SMEs between 2020 and 2025.** In 2022, the figure totalled EUR 430 million.

AT THE CUTTING EDGE OF SUSTAINABLE MOBILITY

Societe Generale subsidiary ALD Automotive (ALD) is a European leader in long-term vehicle lease solutions, with sustainable mobility as the linchpin of its strategy. Sustainable mobility is not just about vehicle technology, it's also about transforming how we use transport and how to meet new expectations. In its 2025 growth plan, ALD sets specific targets for increasing the share of electric vehicles[(1)] in new vehicle deliveries to at least 30% by 2025 and 50% by 2030. At 31 December 2022, it was 27%. ALD is also investing in new shared, on-demand or multimodal mobility solutions. Take ALD Move, a mobility-as-a-service app: users can tap into daily advice on the best options for their travel needs (car, public transport, bike) and manage their "mobility budget".

BUILDING A SOCIAL AND INCLUSIVE RANGE OF PRODUCTS AND SERVICES

Under its financial inclusion policy, Societe Generale supports innovative approaches to sustainable economic development that combine environmental and societal performance, by supporting the development of **microfinance operators**, in France and abroad. It also offers **tailored products and services** for students, customers in financial difficulty or those looking for more autonomy as part of its drive for more inclusive finance. In France, it also offers services for **customers in a financially precarious position** so they have access to appropriate banking services for their situation.

MICROFINANCE

The Group has worked in partnership with ADIE (a non-profit promoting the right to economic initiative) since 2006 to support microfinance throughout both metropolitan and overseas France. Credit lines provided in partnership with ADIE totalled EUR 18.2 million at the close of the year, *vs.* EUR 18.3 million at 31 December 2021.

Back in 2005, faced with the extent of the need for microfinance and its emergence in Africa, Societe Generale made the decision to support the sector and, through its intermediary, to help boost the local bank penetration rate for local people, micro-enterprises and SMEs with no access to traditional banks. Acting on its pledge **to double lending to microfinance organisations by 2022,** the Group **met its target** with EUR 120 million outstanding at the close of 2022.

INCLUSIVE BANKING

In France, Societe Generale renewed its partnership with Bpifrance, offering loans to students who have no income and nobody to act as guarantor for them. Once again in 2022, the Group was the top distributor of Bpifrance student loans with a total of EUR 61 million paid out (from a budget of EUR 70 million).

Kapsul was introduced in 2022. This is a new inclusive tool intended for customers who want to be independent and manage on a budget. Available online or in-branch, the account costs EUR 2 per month. There are no income conditions and no other account charges. Account holders can make payments from anywhere in the world and can also get an international Visa card with insurance and assistance cover. At 31 December 2022, 5,622 customers had signed up for a Kapsul account (+9% *vs.* 2021).

VULNERABLE CUSTOMERS

The Groupe provides a free package of basic banking services in France. Customers can sign up to Généris, a banking services package designed to help them manage their finances for just EUR 1 a month, down from EUR 3 previously . At the end of 2022, Généris had 55,355 customers (55,831 at the end of 2021). Societe Generale is keenly aware of the needs of vulnerable customers and provides specific budget simulation tools and budget management advice. Its customer service teams also receive special training.

(1) Electric vehicle = Battery-powered electric vehicle + Rechargeable hybrid electric vehicle + Hydrogen-powered vehicle. Targets set for deliveries of new passenger vehicles for the EU + Norway + United Kingdom + Switzerland.

WHAT WE ARE DOING TO HELP CUSTOMERS WITH THE COST-OF-LIVING SQUEEZE

Inflation is part of the new financial reality and the rising cost of living presents new challenges. As a responsible bank, the Group has taken steps to help customers worried about money, especially vulnerable customers and students who have faced a host of difficulties since the pandemic.

The cost of banking services for vulnerable customers will be reduced to EUR 1 per month (from EUR 3 currently). As well as being the No. 1 distributor of Bpifrance government-backed loans for students, without personal guarantees or income conditions, Societe Generale and Crédit du Nord also grant student loans at cost. Lastly, for all our customers, the Group has pledged not to raise bank fees in 2023 (card fees, account fees, etc.).

Societe Generale Insurance introduced four key measures for policyholders in 2022:

- freeze on borrowers' insurance rates for loans distributed by the Societe Generale Group network;
- freeze on the rates for the main individual life assurance products so customers can protect their families against the unexpected;
- below-inflation increases in average car and home insurance premiums in 2022 and 2023;
- a series of specific measures to protect vulnerable customers, especially young people: freeze on home insurance rates for students and car insurance reductions for young working people and children of policyholders.

Societe Generale Insurance has given its full backing to the "anti-inflation pack" presented to the French government by the insurance industry to help young jobseekers contend with the rising cost of living: a EUR 100 discount on car insurance for under-25s and the option to stay on their parents' health insurance policy. Societe Generale Insurance pays special heed to customers preparing for retirement with no fees on payments to Societe Generale individual retirement savings accounts (PER) until the end of 2022.

2.4.2 BEING A RESPONSIBLE EMPLOYER

Well-being at work, diversity and professional development are all essential to strengthen employee engagement and boost performance.

To be able to attract, hire and retain talent, the Group must **manage careers and skills effectively** by looking ahead to what skills are needed for the jobs of the future. Societe Generale offers a **rich range of training opportunities** to meet the Group's business challenge and provide our people with the key skills they need to do their jobs well and make sure all staff receive **CSR** training. Accordingly, 54% of staff have attended CSR training since 2021.

Societe Generale has a **Group-wide health and safety policy**, designed to ensure the best possible workplace conditions for all employees. This commitment was further boosted in 2022 with signature of the **new "Work-life quality and working conditions" agreement.** This is a three-year agreement that entered into force on 1 January 2023, based on five core principles: work-life balance, new forms of working (remote/hybrid work), collective and individual right of expression, prevention of psycho-social risks (PSR) and workload.

We are a responsible employer and champion fair and inclusive practices, which are essential drivers of both performance and innovation. The Group puts its talent first and is committed to a **muscular Diversity and Inclusion policy**, backed by a dedicated governance structure. Its goal is to have 30% women in Group management bodies by 2023.

2.4.3 ANCHORING A CULTURE OF RESPONSIBILITY

Societe Generale has long been working to bolster its culture, based on its values, its Code of Conduct and its Leadership Model. The Group has set ethical principles and ensures they are adhered to by each and every employee.

Embedding ESG at the highest level of the organisation

In a clear signal of the strategic importance it attaches to sustainability, the **Sustainable Development Department** has reported to **General Management from 1 January 2022**. It is tasked with accelerating integration of sustainability at the heart of the Group's business lines and boosting the Group's positive impact.

Ensuring ethical and responsible conduct of business

In 2016, the Board of Directors approved the launch of a Group Culture and Conduct programme to take the Group's cultural transformation forward, ensure compliance with the strictest integrity standards, and to forge a lasting relationship with stakeholders, built on trust. This **Culture and Conduct programme** was extended in 2021 and continues to be of major importance.

In 2022, the Group continued to **standardise how Culture and Conduct are managed** and monitored. **Normative documents** have been drafted and the topic is now included on the agendas of the Internal Control Committees of BUs and SUs. The Conduct and Compliance assessment guide has been updated and management of conduct incidents and disciplinary sanctions optimised. In addition to the annual mandatory Code of Conduct training, the Group now provides key personnel with **continuous training** in management of conduct risk. **Awareness campaigns** were also run to foster an environment that is conducive to appropriate behaviour, in line with the Group's values.

Providing training and establishing an ESG culture are seen as key for successfully realising the Group's CSR goals. The **range of training courses** was reviewed in 2022 to sharpen the focus on CSR skills. Structured around **six priorities** (ESG fundamentals, ESG risks and analysis, the energy and environmental transition, sustainable IT, social and green financing, and positive-impact investments) and available in different formats (videos, conferences, MOOCs, master classes, and more), there are close to 100 modules available to all Group staff, from beginners to experts. Working from this line-up, the Group is determined to **make ESG training available to all staff and to go big on Climate Fresco workshops with a large-scale roll-out by the end of 2024.** At the end of 2022, more than 65% of staff had completed an ESG training course and 7,500 people had taken part in the Climate Fresco workshop.

Managing ESG-related risks and meeting commitments to human rights, climate and biodiversity

The Group is determined to meet and manage its commitments, providing full transparency. One area of work concerns setting standards and methods for financial institutions, which will improve how targets are set and monitored against commitments, especially in terms of aligning credit portfolios with the climate objectives of the Paris Agreement. **Societe Generale has either spearheaded or is participating in global cross-cutting initiatives.** It joined a number of working groups and coalitions in 2022 to develop common methodologies and continue to chart a course for decarbonising its credit portfolios. Societe Generale joined the **Aviation Climate-Aligned Finance (CAF) Working Group** (*https://rmi.org/press-release/banks-chart-flight-path-to-decarbonize-aviation/*) as a founding member, alongside five other top global banks involved in financing the aviation industry. They will work together to define common goals by end-2022 to speed up decarbonisation of the sector. Turning to the role that lenders play in decarbonising the **aluminium** sector (which represents 2% of planet-heating emissions per year), the Group is a founding member of the **Aluminum Climate-Aligned Finance Working Group**, partnering with the Rocky Mountain Institute's (RMI) Center for Climate-Aligned Finance and the main lenders to the sector to help decarbonise the aluminium sector. The working group will put together a climate-aligned finance framework. By joining the CAF framework, participating lenders will assess progress against climate targets by assessing to what extent the emissions associated with their aluminium portfolios meet the 1.5°C target, according to the guidelines issued by the Net-Zero Banking Alliance, convened by the United Nations. To align **steel** lending portfolios with net zero targets, the Group signed up to the **Sustainable STEEL Principles** (SSP, available here: *https://steelprinciples.org/*), the first climate-aligned agreement for the steel industry. The SSPs are a solution for measuring and disclosing the alignment of steel lending portfolios with the goal of limiting global warming to 1.5°C or below.

Biodiversity is critical to environmental sustainability. And Societe Generale has stepped up its pledge to protect biodiversity as part of its broader approach to tackling climate change. Alongside its clients, the Group is taking an active role in coalitions, alliances and working groups to develop common standards and methodologies. A member of the Act4Nature alliance (*http://www.act4nature.com/*), it has made 18 commitments to protect biodiversity. They span risk management (sectoral policies, exclusions and protected areas), relations with clients, partnerships (evaluation, dialogue, innovation and our active participation in international shared framework initiatives), as well as our own operations (governance, training and responsible purchasing). Societe Generale takes part in three leading international initiatives to protect biodiversity:

- the Taskforce on Nature-related Financial Disclosures (TNFD), an international taskforce formed to develop a framework for managing and reporting nature-related risks so that organisations (including financial institutions) can understand and measure these risks and incorporate them in their strategy;
- the Science-Based Targets Network (SBTN) is a global network that aims to provide companies with science-based information to manage their impacts and dependencies on nature across their entire value chain;
- the Finance for biodiversity Pledge is an initiative of 26 financial institutions calling for and committing to action to protect and restore biodiversity through their activities.

The Group also reviewed its **Industrial Agriculture and Forestry Sector Policy** in 2022 to improve the management framework and include information on logging (see Chapter 5, page 316).

2.4.4 ACTING AS A RESPONSIBLE BUSINESS

Societe Generale has been cutting its carbon footprint over several years. The Group is committed to cutting its own carbon emissions by 50% in the period 2019 to 2030 by focusing on the energy required for its premises, IT, air travel and its fleet of cars. At the end of 2022, the Group had made good progress towards achieving the target reduction of 35% from 2019 levels. It embraced the lower energy consumption drive by the French government with a target of lowering the energy it uses – gas, electricity and fuel – by 10% in 2024 compared to 2019. The Group also signed up to the EcoWatt commitment charter drawn up by France's transmission system operator (RTE)* and the French Agency for the Environment and Energy Management (ADEME)* and its goal of improving energy consumption and reducing the risk of power cuts in France.

To get to its goal faster, the Group introduced internal carbon taxes to reward the best energy efficiency practices. Under the system, an internal carbon tax (EUR 25 per tonne of CO_2 for 2022) is collected from Group entities. A portion of the proceeds goes to rewarding best practices in the form of the Energy Efficiency and Environment Awards. Savings in 2022 amounted to EUR 1 million and 4,300 tonnes of CO_2.

In November 2021, the Group committed to banning single-use plastics from the workplace by 2025, and sooner if possible in some regions.

The Sourcing Function plays an important role in implementing the Group's CSR strategy. It helps give tangible form to our values and strives to ensure the Group's social and environmental commitments are achieved. Societe Generale's responsible sourcing practices have been bolstered over the years to consistently take environmental and social factors into account in the procurement area. In January 2022, the French National Ombudsman (*Médiation des entreprises*) and National Procurement Council (*Conseil national des achats*) unanimously approved the decision to renew the Group's Responsible Sourcing and Supplier Relations certification for a further three years.

Under Societe Generale's continuous improvement approach to managing E&S-related risks, two supplier CSR audits were conducted by an independent firm covering a medium-high E&S risk category. Further supplier CSR audits are due to be conducted in 2023 on two new risk categories. The Sourcing Division also worked on improving how it identifies whether a supplier represents a potential source of E&S controversy. Using a dedicated tool designed to identify and assess ESG controversies, it monitors approximately 600 "targeted" suppliers (representing a significant volume of purchases at Group level or sensitive for the brand) and/or suppliers assessed as posing a medium or high E&S risk in France, and a high E&S risk in its international network.

Going beyond managing E&S risk at its suppliers, the Group is developing positive-impact sourcing. Societe Generale was awarded the CSR Approach Trophy for its supplier environmental and social policy at the Pacte PME association's event on 30 September 2022. Over the period 2021-2023, the Group's target is to maintain expenditure on SSE (Social and Solidarity Economy) structures at EUR 14 million per year. At the close of 2022, expenditure in this area amounted to EUR 13.6 million.

Societe Generale's sustainable development **efforts** have not gone unnoticed by **ratings agencies**. Following on from its excellent ESG ratings in 2021, the Group again rated highly in 2022 across the board with all rating agencies in the three Environmental, Social and Governance segments, reflecting the depth of its commitment and the quality of its actions to promote sustainability. Crowning these efforts, it was assessed as "Strong" and ranked No. 2 bank worldwide[1] by S&P Global Rating.

(1) Based on public reports.

2.5 SIGNIFICANT NEW PRODUCTS OR SERVICES

2.5.1 LAUNCH OF SOCIETE GENERALE'S PAYMENT & TRANSACTION BANKING START-UP ACCELERATOR

Societe Generale launches its first acceleration programme dedicated to startups linked to Trade Finance, Cash Management, Factoring, and Cash Clearing & Correspondent Banking activities.

The Group, a partner of many startups, is launching a new call for projects to improve the customer experience in the transaction banking sector, by increasing the performance and productivity of its activities. With the new "Payment & Transaction Banking Accelerator" (P&T BAX), Societe Generale aims to repeat the successful experience of the previous four Global Markets Incubator initiatives that have enabled startups to emerge and develop in partnership with Societe Generale.

The P&T BAX programme is a unique opportunity for entrepreneurs to convert innovative ideas into market-ready solutions and to gain valuable exposure to the industry. The proposed solutions may be related to data, client communication interfaces, CSR and the fight against fraud, amongst other topics. The selected startups will have access to Societe Generale's expertise, with the opportunity to present their solutions and services to real-life business environments.

"In a constantly changing environment, Societe Generale's payment & transaction banking activities are accelerating their digital transformation thanks to their ability to collaborate with startups. By combining our respective expertise and cultures, we are resolutely accompanying our customers into the world of tomorrow", commented Alexandre Maymat, Head of Global Transaction & Payment Services at Societe Generale.

"Being innovative and pioneering is part of Societe Generale's DNA. With the Payments & Transaction Banking Accelerator, we are taking a strong role in supporting the startup ecosystem and in transforming transaction banking activities", added Claire Calmejane, Chief Innovation Officer for Societe Generale Group.

2.5.2 SOCIETE GENERALE PRIVATE BANKING CONTINUES ITS RESPONSIBLE COMMITMENT BY OFFERING A NEW POSITIVE IMPACT FUND DEDICATED TO THE CLIMATE

Faced with growing environmental and societal challenges, our clients want to give more meaning to their investments. To meet this need, in line with the Group's commitments, Societe Generale Private Banking launches a new fund dedicated to the climate: "Moorea Fund – Sustainable Climate Action".

Created by the synergy between the two private banking management companies – Societe Generale Private Wealth Management and SG 29 Haussmann – this fund is in line with the United Nations Sustainable Development Goals (SDGs). As a major challenge for our society, climate change is at the heart of all concerns; around the world, companies, governments and citizens are mobilising to deal with it.

Thanks to this global awareness, the levers for a change in climate trajectory have been clearly identified: the evolution of regulations, demand and our economies. The companies at the heart of this change are thus gradually getting involved and creating new investment opportunities. In this new context which is increasingly favourable to eco-sectors and facilitating environmental initiatives, it seems essential to us to also guide the client towards impact investments.

Over the long term, our belief is that companies that take environmental and social concerns into account and maintain a high level of corporate governance are likely to be key investments. This sustainable approach makes it possible to grasp the dynamics of the equity markets and associate it with the development of eco-sectors.

Our determination is to offer a fund that aims for long-term capital appreciation and to generate a positive environmental impact through investments in shares issued by companies that operate in sustainable eco-sectors and develop solutions that contribute actively to the environmental transition. Sustainable eco-activities include, but are not limited to, renewable energy, energy efficiency, green mobility, green buildings, sustainable water and agriculture and the circular economy.

Based on an investment philosophy initiated several years ago, this fund aims more specifically to:

- invest in international companies with a strong environmental impact;
- deliver a carbon intensity significantly lower than 20% compared to the MSCI World All Country index (MSCI ACWI Index);
- offer a portfolio aligned with the Paris scenario of maximum global warming of 1.5 to 2 °C above pre-industrial levels.

"This fund is the culmination of extensive fundamental and quantitative research. It provides our delegated customers with an effective solution that reconciles the protection of their savings and the pursuit of sustainable development objectives" commented Guillaume de Martel, Executive Chairman of SG 29 Haussmann.

"We want to offer a full range of solutions and strategies, dedicated to sustainable and responsible investments and developed for private investors. We are indeed convinced that a solid corporate social responsibility policy is synonymous with sustainable financial performance", explained Alexandre Cegarra, CEO of SGPWM.

To ensure the consistency of the actions proposed, the companies selected for the "Moorea Fund: Sustainable Climate Action" meet both ESG (environmental, social and governance) criteria and also demanding financial criteria. In addition to a solid and established business model, companies must present sustainable growth prospects, an excellent balance sheet and a proven ability to obtain an appropriate return on its equity.

Finally, this UCITS fund has a European passport that meets the highest level of European regulations on sustainable finance (SFDR[1] Art. 9) and presents a UCITS 6 risk-return profile.

2.5.3 SOCIETE GENERALE ACTED AS FINANCIAL ADVISOR AND MLA FOR PROVENCE GRAND LARGE, THE FIRST EVER PROJECT FINANCING OF A FLOATING OFFSHORE WIND FARM

Societe Generale, in its role as Financial Advisor and Mandated Lead Arranger (MLA), worked with Provence Grand Large (PGL) and the sponsors – EDF Renouvelables and Enbridge Éolien France 2 SARL, a subsidiary of Enbridge Inc. and CPP Investments, to raise financing for France's first floating wind pilot project.

PGL successfully raised a debt package of EUR 300 million from a syndicate of eight commercial banks, including Societe Generale and the European Investment Bank.

This transaction is the first-ever limited-recourse project financing for a floating wind project in construction, representing a key milestone in the development of what is expected to be a rapid global expansion of the floating wind sector.

Nathalie Lemarcis, Co-Head of London Energy Advisory and Project Finance, Societe Generale, said "We have long seen floating wind as a key technology for driving the global growth in deployment of offshore wind and we are very proud that Provence Grand Large, EDF Renouvelables and Enbridge Éolien France 2 SARL, a subsidiary of Enbridge Inc. and CPP Investments, put their trust in Societe Generale to structure and deliver the project financing for what we consider to be a landmark transaction for the industry".

Provence Grand Large is a pilot floating offshore wind project with a capacity of 25 MW located in the Mediterranean Sea, 17 kilometres off Port-Saint-Louis-du-Rhône, near Marseille. It will be the first project using the tension leg platform technology, with floaters designed by SBM Offshore and IFP Énergies Nouvelles. The project's three floating wind turbines will be supplied by Siemens Gamesa.

For Societe Generale, this financing represents the latest step on a journey that started several years ago, having recognised the global potential for floating offshore wind farms to access areas of deeper water unsuitable for fixed foundations. Having worked with several clients on the bankability of various floating wind technologies over the past few years, PGL represents a validation of our confidence that floating wind is a bankable asset class. We are also very pleased to be a lender (MLA) in the debt facilities.

The PGL transaction is a perfect example of the Bank's long-standing expertise and proven track record[2] for innovation in energy infrastructure projects with strong advisory, technical and financing capabilities to support our clients in the energy transition in all areas including the integration of renewables with hydrogen, storage and other emerging technologies.

2.5.4 SOCIETE GENERALE FACTORING LAUNCHES A RANGE OF SOLUTIONS RELATED TO ENVIRONMENTAL AND SOCIAL CRITERIA

Two new ESG solutions from Societe Generale Factoring aim to support corporate treasurers with their transition towards more sustainable growth models.

In order to support its clients with their ESG transition goals, Societe Generale Factoring, a Group subsidiary specialised in short-term financing solutions for businesses, is launching two new categories of ESG offers, which are applicable to its flagship products serving corporate clients. These include receivable finance, supply chain finance and forfaiting (discounting of commercial bills).

"With these new offers, Societe Generale Factoring contributes to Societe Generale Group's commitment to support our corporate clients' transition to more ecological and inclusive development models. These solutions help strengthen our relationship and advisory work with our clients", says Aurélien Viry, CEO of Societe Generale Factoring.

(1) SFDR: SGPWM (as financial manager by delegation of mandates) is subject to the new European regulation "SFDR" (Sustainable Finance Disclosure Regulation) adopted on 27 November 2019 by the European Parliament and the Council of the European Union and implemented since March 2021. The purpose of this regulation is to harmonise, at European level, the consideration and communication by portfolio managers of extra-financial criteria, with the aim of greater transparency vis-à-vis their clients. Extra-financial criteria make it possible to assess the action of economic agents on sustainable development issues and are grouped under the 3 ESG pillars (Environment, Social, Governance).

(2) No.1 Financial Advisor for project finance on a worldwide basis, No.3 Mandated Lead Arranger (MLA) for project finance on a worldwide bases (source: IJGlobal FY 2021). Societe Generale was named Bank of the Year for Sustainability by IFR, Europe Bank of the Year for 2021 by PFI, Europe & Africa Financial Adviser of the Year by IJGlobal for 2021 and MLA of the Year by IJGlobal for 2021.

Environmental and/or social financing

The first category of solutions proposed by Societe Generale Factoring aims to finance business activities with positive environmental or social impacts.

Eligible environmental projects[1] must involve underlying assets in a list of eligible categories, such as renewable energy, waste management, clean transportation, hydrogen and sustainable water and waste-water management.

Eligible social projects[2] concern the financing of invoices from, for example, social and solidarity-based companies and associations, education and training, or social housing. The sectors principally concerned include healthcare, in particular hospitals, health insurance, as well as organisations caring for adults and children with disabilities.

Financing based on ESG performances[2] (sustainability-linked)

The sustainability-linked (SL) solution is aimed at companies that have developed an ambitious CSR (Corporate Social Responsibility) strategy to improve the environmental and social impacts of their activities. It rewards the achievement of CSR objectives as defined by our clients. This approach encourages the transition of companies and their suppliers to more sustainable growth models. It is particularly appropriate for Supply Chain Finance programmes of large corporates that have many suppliers, such as mass retailers or industrial manufacturers.

Societe Generale Factoring demonstrates once again its capacity to develop specialist and innovative solutions to support its clients' growth in a sustainable and responsive manner.

2.5.5 SOCIETE GENERALE SECURITIES SERVICES EXTENDS ITS OFFER TO FUNDS INVESTING IN DIGITAL ASSETS

Societe Generale Securities Services (SGSS) offers new services for asset management companies wishing to develop innovative professional funds based on crypto currencies. More and more investors want to integrate crypto currencies in their portfolios. Asset management companies are therefore looking to build new ranges of solutions invested mainly in digital assets. To meet these specific needs, SGSS now offers asset managers to act as fund depositary, valuator and liability manager. The services offered by SGSS allow asset management companies to enhance their offer in a simple and adapted manner, within the European regulatory framework.

A head start on the market

SGSS's new service has just been adopted by Arquant Capital SAS. The asset management company, licensed by the French Financial Markets Authority (AMF – *Autorité des marchés financiers*) and labelled "Finance Innovation", is opening a range of specialised professional funds under French law, actively managed and invested in crypto currencies. The first two products of the range in euros are mainly based on Bitcoin, Ether and derivatives. "By combining SGSS' innovation expertise with Arquant Capital's technical skills, we are expanding our ability to meet the diversification needs of asset managers", said David Abitbol, Head of Societe Generale Securities Services. "This solution provides Arquant Capital with an innovative structuring that allows us to scale our offering and focus on creating value for our clients", adds Eron Angjele, CEO of Arquant Capital. Societe Generale Group is already a recognised expert in crypto assets with its subsidiary Societe Generale FORGE. It thus continues to develop its services related to digital assets to meet the needs of its clients.

2.5.6 SOCIETE GENERALE NOW OFFERS "BOOST", ITS OUT-OF-BANKING SERVICE PLATFORM, TO ALL CUSTOMERS AGED BETWEEN 16 AND 24

From November, Societe Generale will offer "Boost", its non-banking service platform dedicated to young people, to all customers aged between 16 and 24. After being the first bank to launch such a platform in 2019, Societe Generale will be the first bank in France to open this service free of charge to all young customers.

"Boost" brings together, on a digital platform, services related to skills development, independence, or entry into the workforce. More than ever, young people face many challenges during and after their school years. In order to further support young clients in these crucial moments of life, Societe Generale is expanding its "Boost" offer, developed three years ago in partnership with the start-up Wizbii.

With "Boost", the Bank's young customers will benefit from seven free services, set up by recognised startups committed to meeting the needs of young people:

- Wizbii Jobs: job offers to students and recent graduates (internships, work-study programmes, jobs);
- Wizbii Blog: career advice and student life on a blog for 18 to 30-year-olds;
- Wizbii Money: simplified access to student financial aid;
- Wizbii Drive: driving code training;
- Studapart: a simplified rental platform dedicated to students;
- Benevolt: volunteer missions proposed by partner associations;
- Societe Generale Events: referencing of recruitment events organised by Societe Generale, notably as part of the "1 Young 1 Solution".

(1) Eligible environmental and social projects comply with the criteria based on Societe Generale's internal standards.
(2) CSR: Corporate Social Responsibility.

This year, Societe Generale is also launching “Boost Privilege” giving access to additional services. “Boost Privilege” is offered for six months to young people who subscribe to an eligible product(1). “Boost Privilege” is also accessible for a fee of 2 euros per month. These services represent a total value of more than 200 euros per month:

- Skilleos: online courses (linguistics, hobbies, professionals, tutoring);
- FizzUp: an online gym, with a sports and nutrition coaching option;
- Avenria: support for the guidance and integration of young people;
- My CV Factory: editable CV templates for all business lines;
- Global Exams: tests to prepare language certifications (TOEIC, TOEFL, etc.);
- Orthodidacte: tools to improve spelling.

Last, the young clients of the Banque Française Mutualiste subscribing to “Boost Privilege” will also have free access for six months to:

- Papernest: an online platform for contract transfers (energy, insurance, etc.);
- Cautioneo: two months of contributions offered on rental deposits;
- Nextory: an online reading application;
- Skilleos Bien-être: online courses in personal development, the environment, etc.;
- Jobmaker: career support;
- Wizbii EdFi: advice on budget management.

“Building on the satisfaction that the “Boost” platform has been offering to our customers for the past three years, we are now extending it to all our customers aged between 16 and 24. More than ever, Societe Generale is supporting young people in the management of their future,” explains Christophe Baniol, Societe Generale’s Head of the Retail Market.

2.5.7 SOCIETE GENERALE IS LAUNCHING WITH REEZOCAR A PLATFORM TO FIND, FINANCE AND INSURE ITS VEHICLE

Two years after the acquisition of Reezocar, Societe Generale in partnership with the startup is launching a dedicated automotive platform that offers the widest range of vehicles, financing and insurance options.

This digital platform, accessible directly from the Societe Generale website or App(2), allows customers to:

- consult a catalogue of new or used vehicles. These vehicles are systematically checked, reviewed and guaranteed;
- compare financing solutions from online simulators and/or through its remote Reezocar advisor;
- choose a financing offer: leasing with an option to buy, long-term rental or credit;
- have services related to the use of the vehicle (registration, home delivery, etc.);
- purchase/lease and insure the vehicle through its remote Reezocar advisor.

On a single site and in a few clicks, the buyer can therefore inquire, search, choose, finance and insure their vehicle.

The platform is accessible to retail customers and will be open from December to professionals.

“This platform brings together, within a single digital space, all the expertise of the Societe Generale Group in the field of mobility in terms of quality vehicle procurement, car financing, insurance and related services, through a simple and efficient solution”, explains Ambroise Pascal, Head of Retail and Professional Banking in France.

For Laurent Potel, CEO of Reezocar: “This is a key milestone for Reezocar’s growth within the Societe Generale Group. This service is fully in line with Reezocar’s mission since its creation: seamless support throughout the entire vehicle purchase journey and the objective to offer the best customer experience on the market”.

(1) First bank account, Sobrio, International Option, Student Loan, Student Home Insurance.
(2) The platform will be accessible from the Societe Generale application from November.

2.5.8 SOCIETE GENERALE FACTORING COMPLETES ITS RANGE OF PRODUCTS WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA FOR COMPANIES AND ASSOCIATIONS

Societe Generale Factoring continues to support its clients in their sustainable transition by expanding its ESG offering to SMEs/Mid-caps(1) *and associations.*

Following the successful launch of its offers to large companies, Societe Generale Factoring, the factoring subsidiary of Societe Generale Group, now offers SMEs/midcaps and associations in France new advisory and financing solutions meeting environmental, social and governance criteria, in collaboration with reference partners. The environmental and social factoring solution finances receivables relating to:

- environmental sustainability (energy efficiency improvement, renewable energy, low carbon transport, waste and water treatment/recycling, etc.); or
- social challenges (financing of social and community-oriented companies and associations, financing education and training, social housing, etc.).

Eligible clients will benefit from a discount on their financing fee to encourage the ESG transition of their business.

Positive impact factoring, in partnership with EcoVadis(2): the solution targets companies and associations with an EcoVadis rating.

The solution helps actions to improve their environmental and social impact. Customers benefit from a reduction in their financing commission if they meet the objectives set at the time of the contract, guided by the EcoVadis rating.

“Societe Generale Factoring is fully involved in the Societe Generale Group’s commitment to support its clients and accelerate their transition to greener and more inclusive development models. These new ESG offers complement our existing solutions for large corporates, in response to the growing interest of our clients,” said Aurélien Viry, Managing Director of Societe Generale Factoring.

These variations are applicable to Societe Generale Factoring’s main existing factoring offers.

In line with Societe Generale and Crédit du Nord’s ESG solutions, the Group is rounding out support to corporate clients to develop a more responsible and sustainable growth model.

(1) SMEs: small and medium-sized enterprises. ETIs: intermediate-sized enterprises.

(2) EcoVadis manages a global platform that assesses and shares the performance of corporate social responsibility (CSR) used by more than 100,000 companies of all sizes in 160 countries to foster resilience, sustainable growth and a positive impact worldwide.

2.6 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In EURbn)	31.12.2022	31.12.2021
Cash, due from central banks	207,013	179,969
Financial assets at fair value through profit or loss	329,437	342,714
Hedging derivatives	32,850	13,239
Financial assets at fair value through other comprehensive income	37,463	43,450
Securities at amortised cost	21,430	19,371
Due from banks at amortised cost	66,903	55,972
Customer loans at amortised cost	506,529	497,164
Revaluation differences on portfolios hedged against interest rate risk	(2,262)	131
Investments of insurance companies	158,415	178,898
Tax assets	4,696	4,812
Other assets	85,072	92,898
Non-current assets held for sale	1,081	27
Deferred policyholders' participation asset	1,175	-
-Investments accounted for using the equity method	146	95
Tangible and intangible fixed assets	33,089	31,968
Goodwill	3,781	3,741
TOTAL	**1,486,818**	**1,464,449**

LIABILITIES

(In EURbn)	31.12.2022	31.12.2021
Due to central banks	8,361	5,152
Financial liabilities at fair value through profit or loss	300,618	307,563
Hedging derivatives	46,164	10,425
Due to banks	133,176	135,324
Customer deposits	132,988	139,177
Debt securities issues	530,764	509,133
Revaluation differences on portfolios hedged against interest rate risk	(9,659)	2,832
Tax liabilities	1,638	1,577
Other liabilities	107,553	106,305
Non-current liabilities held for sale	220	1
Insurance contract related liabilities	141,688	155,288
Provisions	4,579	4,850
Subordinated debt	15,946	15,959
Shareholder's equity	66,451	65,067
Non-controlling interests	6,331	5,796
TOTAL	**1,486,818**	**1,464,449**

2.6.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The main changes to the consolidation scope at 31 December 2022 compared with the scope applicable at the closing date of 31 December 2021 is as follows:

- **Sale of Rosbank and its insurance subsidiaries in Russia**: Societe Generale announced on 18 May 2022 the closing of the sale of the Rosbank group and its Russian insurance subsidiaries to Interros Capital. The financial consequences of the divestment are presented below:

- a reduction in the Group's total balance sheet of EUR 16 billion, mainly including a decrease in Customer loans at amortised cost of EUR 10 billion and a decrease in Customer deposits of EUR 13 billion,

- a capital loss on the disposal, reported under Net income/expense from other assets in 2022, of EUR -3.3 billion before tax. The loss includes a translation difference reclassified into income for EUR -0.5 billion, which was the cumulated amount at 18 May after an increase of EUR 0.5 billion on back of ruble appreciation between 1 January 2022 and the date of the disposal.

2.6.2 CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash, due from central banks and **due to central banks** increased respectively by EUR 27 billion (+15.0%) and EUR 3.2 billion (+61.5%) compared to 31 December 2021. The increase in assets is due to the growth of cash due from central banks.

Financial assets at fair value through profit or loss decreased by EUR 13.3 billion (-3.9%) compared to 31 December 2021. The change is the result of a decline in equities and securities equivalent to EUR -34.5 billion, chiefly explained by a major energy shock, inflation at the highest level in 40 years, monetary policy tightening by the US Federal Reserve and the ECB and a stalemate in the war in Ukraine, a decrease in financial derivatives for EUR -24.4 billion, mainly on back of a decrease in interest rate instruments for EUR -22.4 billion. The downward trend was offset by an increase in securities purchased under resale agreements and bonds for EUR +41.5 EUR billion and EUR +3.5 EUR billion, respectively.

Financial liabilities as fair value through profit or loss decreased by EUR 7.0 billion (-2.3%) compared to 31 December 2021. The change is primarily attributed to the decline in financial derivatives trading for EUR -34.5 billion, linked to the decrease in interest rate instruments for EUR -28.0 billion, the decrease in equity and index instruments for EUR -12.6 billion and limited by the increase in foreign exchange instruments for EUR +6.0 billion. The decrease in financial liabilities at fair value through profit or loss is offset in part by the increase of EUR +17.9 billion in securities sold under repurchase agreements and the increase in fair value on borrowed securities for EUR +5.3 billion.

Hedging derivatives increased by EUR +19.7 billion to assets (+149.2%) and by +35.8 billion to liabilities (+344.2%) compared with 31 December 2021. The variation is related to the increase in fair value hedging instruments and mainly interest rate swaps.

Due from banks at amortised cost rose by EUR +10.9 billion (+19.5%) compared to 31 December 2021, due to the increase in current accounts and the increase in securities purchased under resale agreements.

Customer loans at amortised cost increased by EUR 9.3 billion (+1.9%) compared to 31 December 2021, which can be principally explained by the growth of equipment loans for EUR 4.1 billion, loans to financial customers for EUR 3.4 billion, cash credits for EUR 1.8 billion, plus the increase in ordinary accounts receivable for EUR 2.2 billion, which was offset by the decrease in commercial claims for EUR -2.4 billion.

Customer deposits increased by EUR 21.7 billion (+4.3%) compared to 31 December 2021, due to an increase in term client deposits for EUR 30.8 billion. The rise is mainly due to the increase in the rates of term deposits offset by the decline in overnight deposits for EUR -12.2 billion in part due to the sale of Rosbank in 2022.

Due to banks decreased by EUR -6.2 billion (-4.5%) compared to 31 December 2021. The decrease can be explained by the revaluation of the covered items of EUR -2.0 billion, the reduction of debt to EUR -3.1 billion, and the decline in loans and term deposit accounts for EUR -1.6 billion.

Investments by insurance companies decreased by EUR -20.5 billion (-11.5%) compared to 31 December 2021. The change is attributable to the decline in debt securities for EUR -14.8 billion and the decrease in financial assets valued at fair value through profit or loss for EUR -4.6 billion.

Insurance-related contract liabilities decreased by EUR -13.6 billion (-8.8%) compared to 31 December 2021, due to the decrease in insurance companies' technical provisions.

Other assets decreased by EUR -7.8 billion (-8.4%) compared to 31 December 2021, chiefly owing to a decline in deposits paid for EUR -8.7 billion.

Groupe shareholders' equity totalled EUR 66.5 billion at 31 December 2022 *vs.* EUR 65.1 billion at 31 December 2021. The variation is primarily attributable to the following factors:

- net income Group share for the financial year at 31 December 2022 of EUR 2.0 billion;
- distribution of dividends: EUR -1.4 billion;
- unrealised or deferred capital gains and losses: EUR +0.6 billion.

After taking into account the non-controlling interest for EUR -6.3 billion, the Group shareholders' equity totalled EUR 72.8 billion at 31 December 2022.

2.7 FINANCIAL POLICY

The objective of the Group's financial policy is to optimise the use of shareholders' equity in order to maximise short- and long-term return for shareholders, while maintaining a level of capital ratios (Common Equity Tier 1, Tier 1 and Total Capital ratios) consistent with the market status of Societe Generale and the Group's target rating.

Since 2010, the Group has launched a major realignment programme, strengthening capital and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management in order to apply the regulatory changes related to the implementation of new "Basel 3" regulations.

2.7.1 GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 66.5 billion at 31 December 2022. Net asset value per share was EUR 70.50 and net tangible asset value per share was EUR 62.34 using the new methodology disclosed in Chapter 2 of this Universal Registration Document, on page 45. Book capital includes EUR 10.0 billion in deeply subordinated notes.

At 31 December 2022, Societe Generale possessed, directly or indirectly, 48.7 million Societe Generale shares, representing 5.73% of the capital (excluding shares held for trading purposes).

Under the liquidity contract implemented on 22 August 2011 with an external investment services provider, Societe Generale acquired 734,806 shares in 2022 for a value of EUR 19.7 million and sold 768,306 shares for a value of EUR 20.8 million. For the record, the liquidity contract was temporarily suspended from 8 August to 31 December 2022 throughout the share buyback period.

The information concerning the Group's capital and shareholding structure is available in Chapter 7 of this Universal Registration Document, page 635 and following.

2.7.2 SOLVENCY RATIOS

When managing its capital, the Group ensures that its solvency level is consistently compatible with its strategic targets and regulatory obligations.

The Group also ensures that its Total Capital Ratio (Common Equity Tier 1 + hybrid securities recognised in additional Tier 1 and Tier 2) provides a sufficient safety buffer for unsecured senior lenders.

The phased-in Common Equity Tier 1 (CET1) ratio stood at 13.5%[1] at 31 December 2022, compared to 13.7% at 31 December 2021.

The leverage ratio, calculated according to the CRR2 rules in force since June 2021, stood at 4.4% at 31 December 2022.

At end-2022, the Tier 1 ratio was 16.3%[2] and the Total Capital Ratio stood at 19.4%[2], i.e., above the regulatory requirements.

The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 33.7%[2] with the option of Senior Preferred Debt limited to 2.5% of RWA. Furthermore, the TLAC of the leverage ratio stood at 9.02% at end-2022. The Group also placed above its MREL requirements at 31 December 2022.

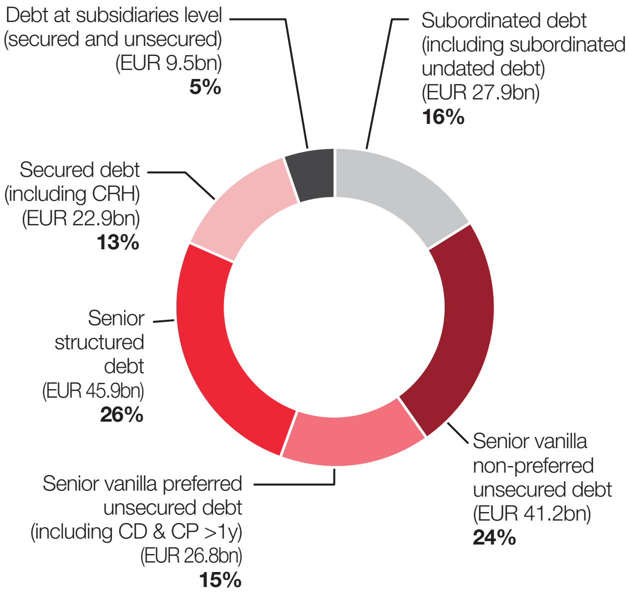
(1) Including a +17 basis-point impact in respect of the phase-in of IFRS 9. Excluding this impact, the CET1 ratio was 13.3%.
(2) Phased-in ratio, including temporary Covid-19 measures introduced by the ECB which ended on 31 December 2022.

2.7.3 GROUP DEBT POLICY

The Group's debt policy is based on two principles:

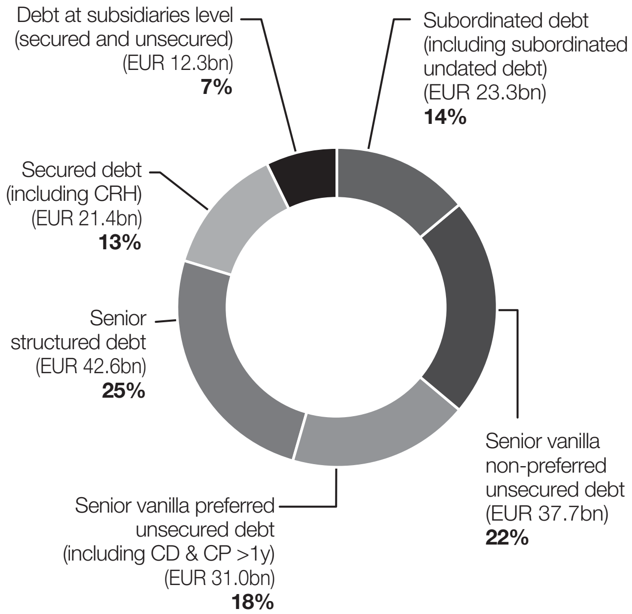
- maintaining an active policy of diversifying Societe Generale Group's sources of refinancing to guarantee its stability;
- and adopting a Group refinancing structure to ensure consistency in the maturities of its assets and liabilities.

GROUP LONG-TERM DEBT AT 31 DECEMBER 2022: EUR 174.2BN*



* *Group short-term and long-term debt totalled EUR 220.3 billion at 31 December 2022, of which EUR 12.5 billion issued by conduits (short term), and EUR 43.5 billion related to senior structured issues of small denomination (below EUR 100,000), predominantly distributed to retail clients.*

GROUP LONG-TERM DEBT AT 31 DECEMBER 2021: EUR 168.4BN*



* *Group short-term and long-term debt totalled EUR 212 billion at 31 December 2021, of which EUR 12.1 billion issued by conduits (short term), and EUR 40.9 billion related to senior structured issues of small denomination (below EUR 100,000), predominately distributed to retail clients.*

These resources also include:

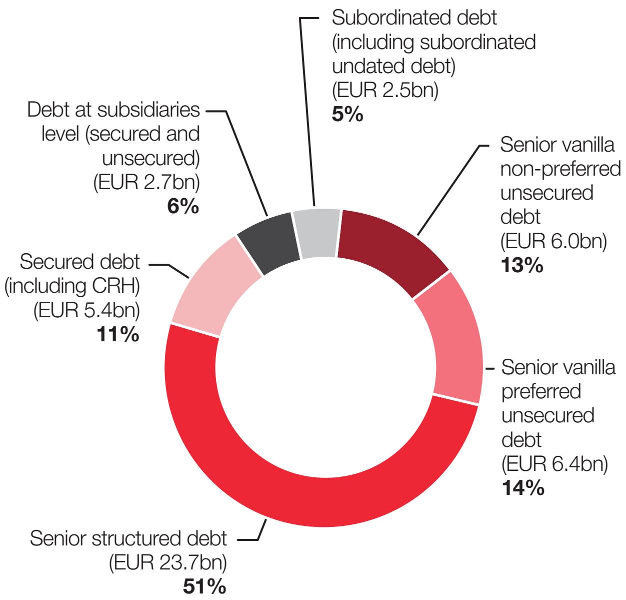
- funding via securities lending and borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 154.5 billion at 31 December 2022, compared with EUR 130.6 billion at 31 December 2021 (see Note 3.1 to the consolidated financial statements), which are not included in this graph. Societe Generale Group's debt policy is designed not only to ensure financing for the growth of the businesses' commercial activities and renew debt, but also to maintain repayment schedules that are compatible with the Group's ability to access the market and ensure its future growth;
- securitisations and other securitised issues (EUR 6.7 billion at end-2022 *vs.* EUR 10.5 billion at end-2021).

Accordingly, the Group's long-term financing plan, implemented gradually and in a coordinated manner during the year and based on a non-opportunistic issuance policy, is designed to maintain a surplus liquidity position over the medium to long term.

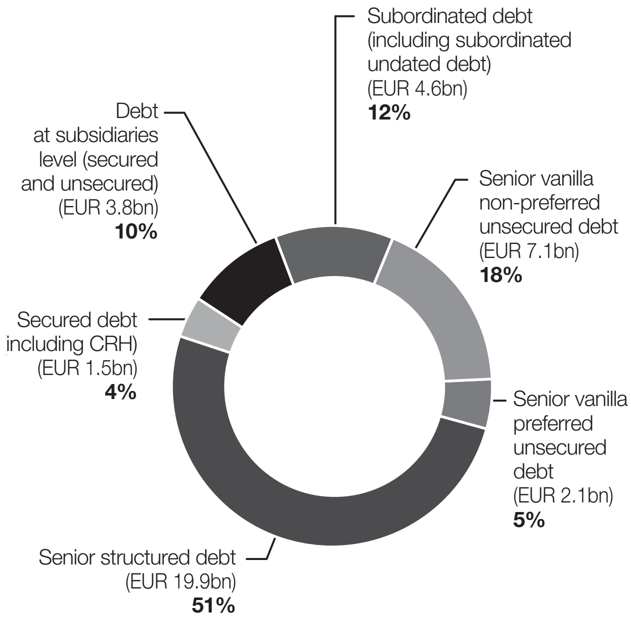
At end-2022, liquidity raised under the 2022 financing programme amounted to EUR 46.7 billion in senior and subordinated debt. Liquidity raised at parent company level amounted to EUR 44.0 billion at 31 December 2022.

The breakdown of refinancing sources is as follows: EUR 5.4 billion in secured issues, EUR 23.7 billion in senior structured issues, EUR 6.4 billion in senior vanilla preferred unsecured issues, EUR 6.0 billion in senior vanilla non-preferred unsecured issues, EUR 2.4 billion in subordinated Tier 2 debt and EUR 0.1 billion in subordinated undated Additional Tier 1 debt. At subsidiary level, a total of EUR 2.7 billion was raised at 31 December 2022.

2022 FINANCING PROGRAMME: EUR 46.8BN



2021 FINANCING PROGRAMME: EUR 39.1BN



2.7.4 LONG-TERM RATINGS, SHORT-TERM RATINGS, COUNTERPARTY RATINGS AND CHANGES OVER THE FINANCIAL YEAR

Below is a summary of Societe Generale's counterparty ratings and senior long-term and short-term ratings at 31 December 2022:

	FitchRatings	Moody's	R&I	Standard & Poor's
Long-term/short-term counterparty assessment	A (dcr)/F1	A1 (CR)/P-1(CR)	n/a	A/A-1
Long-term senior preferred rating	A (Stable)	A1 (Stable)	A (Stable)	A (Stable)
Short-term senior rating	F1	P-1	n/a	A-1

2.8 MAJOR INVESTMENTS AND DISPOSALS

The group maintained a targeted acquisition and disposal policy, in line with its strategy focused on its core businesses and the management of scarce resources.

Business division	Description of investments
2022	
	No major investment finalised in 2022
2021	
International Retail Banking and Financial Services	Acquisition of Fleetpool, a leading German car subscription company.
International Retail Banking and Financial Services	Acquisition of Banco Sabadell's subsidiary (Bansabadell Renting) specialised in long-term renting and the signing of an exclusive white label distribution agreement with Banco Sabadell.
International Retail Banking and Financial Services	Acquisition by ALD of a 17% stake in Skipr, a start-up specialised in mobility as a service.
2020	
International Retail Banking and Financial Services	Acquisition of Reezocar, a French platform specialised in the online sale of used cars to individuals.
French Retail Banking	Acquisition of Shine, the neobank specialised in the professional and SME segments.
International Retail Banking and Financial Services	Acquisition of Socalfi, entity specialised in consumer credit in New Calendonia.
French Retail Banking	Acquisition by Franfinance of ITL, the equipment leasing company specialised in the environmental, manufacturing and healthcare sectors.

Business division	Description of disposals
2022	
International Retail Banking and Financial Services	Disposal of Societe Generale Group's and Sogecap's entire stakes in Rosbank and two joint ventures co-held with Rosbank (Societe Generale Strakhovanie LLC and Societe Generale Strakhovanie Zhizni LLC).
Corporate Centre	Sale of a 5% stake in Treezor to MasterCard, reinforcing an industrial partnership.
International Retail Banking and Financial Services	Disposal of a minority stake in Schufa, a credit rating agency in Germany.
2021	
Global Banking and Investor Solutions	Disposal of Lyxor, a European asset management specialist.
2020	
International Retail Banking and Financial Services	Disposal of SG Finans AS, an equipment finance and factoring company in Norway, Sweden and Denmark.
International Retail Banking and Financial Services	Disposal of Société Générale de Banque aux Antilles.
International Retail Banking and Financial Services	Disposal by ALD of its entire stake in ALD Fortune (50%) in China.
Global Banking and Investor Solutions	Disposal of the custody, depository and clearing activities in South Africa.

2.9 PENDING ACQUISITIONS AND MAJOR CONTRACTS

2.9.1 FINANCING OF THE MAIN ONGOING INVESTMENTS

Ongoing investments will be financed using the Group's usual sources of funding.

2.9.2 PENDING ACQUISITIONS AND DISPOSALS

Societe Generale announced on 6 January 2022 the signing by Societe Generale and ALD of two Memoranda of Understanding under which ALD would acquire 100% of LeasePlan from a consortium led by TDR Capital, to create a leading global player in mobility. This announcement was followed by the signature of a binding framework agreement announced on 22 April 2022. The European Commission gave the green light to the LeasePlan acquisition by ALD on 25 November 2022 (it being specified that the European Commission's approval was subject to the disposal - currently under way - of six subsidiaries (three ALD entities in Ireland, Portugal and Norway, and three LeasePlan entities in Luxembourg, the Czech Republic and Finland). On 29 November, ALD launched a capital increase with preferential share subscription rights for shareholders which was completed successfully on 16 December. Finalisation of this acquisition is expected to close in the first half of 2023, notably subject to the remaining regulatory approvals being obtained and the performance of the usual conditions precedent.

Societe Generale and AllianceBernstein, a leading global investment management and research firm, announced on 22 November their plans to form a joint venture combining their equity research and cash equities businesses to form a leading global player in the sector. The joint venture would provide premier investment insights into the American, European and Asia Pacific equity markets, in addition to unparalleled liquidity access and leading global trading technology. Société Generale intends to take a 51% interest in the joint venture, with an option to reach 100% ownership after five years[1]. This announcement was followed by the signature of an acquisition agreement in early February 2023. The closing is expected to occur before the end of 2023.

Societe Generale announced on 30 September 2022 the signing of an agreement to acquire a majority stake in the fintech PayXpert, a payment services specialist. PayXpert offers retail and online merchants secure solutions enabling customer payments both in-store and remotely, and for all payment methods (card, mobile applications, QR code, etc.).

The acquisition will allow Societe Generale to round out its suite of payment solutions for merchants and and e-merchants, and set its sights on becoming one of the leading players in the payment services industry.

2.10 PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 47.2 billion at 31 December 2022. The figure comprises land and buildings (EUR 5.2 billion), the right of use (EUR 3.2 billion), assets leased by specialised financing companies (EUR 32.9 billion) and other tangible assets (EUR 5.9 billion).

The net book value of tangible operating assets and investment property amounted to EUR 30.2 billion, representing only 2% of the consolidated balance sheet at 31 December 2022.

Accordingly, due to the nature of Societe Generale's activities, property and equipment are not material at Group level.

(1) A call option would be granted to Societe Generale to purchase the 49% owned by AllianceBernstein and reciprocally, a put option would be granted to AllianceBernstein to sell its 49% to Societe Generale as of the fifth anniversary of the closing date, and for a one-month period each successive year thereafter.

2.11 POST-CLOSING EVENTS

None.

2.12 STATEMENT ON POST-CLOSING EVENTS

Since the end of the last financial period, no significant change in the financial performance of the Group occurred other than those described in the present Universal Registration Document filed with the AMF on 13 March 2023.

2.13 INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AT 31 DECEMBER 2022

The article L.511-45 of the Monetary and Financial Code modified by Order No. 2014-158 of 20 February, 2014, require credit institutions to communicate information about the locations and activities of their entities included in their consolidation scope, in each State or territory.

Société Générale publishes below the information relative to staff and the financial information by countries or territories.

The list of locations is published in the Note 8.5 of the notes to the consolidated financial statements.

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subsidies*
South Africa	-	0	(0)	(0)	-	-	-
Algeria	1,621	169	72	(19)	(1)	(7)	-
Germany	2,983	1,082	322	(124)	17	(2)	-
Australia	62	42	8	(4)	0	(1)	-
Austria	83	26	5	(3)	(0)	(0)	-
Belarus	3	2	1	(0)	0	-	-
Belgium	358	123	58	(6)	(7)	(1)	-
Benin	229	25	12	(1)	(3)	(1)	-
Bermuda(1)	-	1	1	-	-	-	-
Brazil	371	82	37	(7)	(8)	(14)	-
Bulgaria	38	6	4	(0)	0	-	-
Burkina Faso	284	60	27	(6)	(1)	(3)	-
Cameroon	657	138	50	(16)	1	(4)	-
Canada	64	36	9	(4)	0	(1)	-
Chile	37	5	0	-	0	(0)	-
China	269	76	29	(4)	4	(0)	-
Colombia	29	4	2	(1)	2	(0)	-
Congo	144	29	8	(2)	(0)	(1)	-
South Korea	107	103	36	(20)	7	(3)	-
Cote d'Ivoire	1,403	315	145	(26)	(2)	(8)	-
Croatia	49	11	7	(1)	0	(0)	-
Curacao(2)	-	-	-	-	-	-	-
Denmark	131	43	24	(4)	1	-	-
United Arab Emirates	58	3	(13)	-	-	(0)	-
Spain	683	367	229	(56)	(7)	(2)	-
Estonia	13	3	2	(1)	-	(0)	-
United States	1,969	1,869	703	(11)	(116)	(7)	-
Finland	123	55	38	(8)	1	-	-
France	55,977	13,537	(1,824)	11	(139)	(1,638)	-
Ghana	543	77	25	(13)	5	(0)	-
Gibraltar	-	5	1	-	(0)	(1)	-
Greece	46	8	4	-	(1)	(0)	-
Guinea	302	78	24	(15)	4	(2)	-
Equatorial Guinea	236	16	6	(2)	-	(1)	-
Hong Kong	1,069	700	257	(30)	(0)	(1)	-
Hungary	99	18	12	(2)	(0)	(0)	-
Îles Caïmans(3)	-	-	-	-	-	-	-
India(4)	10,616	42	66	(55)	(0)	(1)	-
Ireland	188	113	50	(10)	0	(0)	-

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subsidies*
Italy	2,014	932	457	(76)	(33)	(3)	-
Japan	214	235	93	(30)	1	(2)	-
Jersey	-	18	5	(2)	0	-	-
Latvia	21	4	2	(0)	-	-	-
Lithuania	13	5	4	(1)	(0)	(0)	-
Luxembourg	1,357	758	317	(34)	9	(29)	-
Madagascar	1,032	81	37	(8)	0	(5)	-
Malaysia	16	0	(3)	-	0	-	-
Morocco	3,667	527	195	(71)	(8)	(18)	-
Mauritius	190	29	11	(1)	(3)	(2)	-
Mexico	128	30	20	(10)	(1)	(0)	-
Monaco	321	130	25	(11)	1	(0)	-
Norway	66	17	4	-	(1)	-	-
New Caledonia	305	80	41	(12)	(1)	(0)	-
Netherlands	299	143	88	(13)	(11)	(0)	-
Peru	26	4	2	(1)	(0)	-	-
Poland	497	101	49	(11)	1	(3)	-
French Polynesia	262	52	26	(13)	(1)	(1)	-
Portugal	129	37	27	(5)	(2)	-	-
Czech Republic	7,887	1,625	910	(157)	(12)	(53)	-
Romania	9,003	713	361	(61)	(2)	(17)	-
United Kingdom	3,185	1,878	879	(219)	39	(12)	-
Russian Federation	115	393	114	(21)	(4)	(7)	-
Senegal	920	112	39	(16)	(0)	(8)	-
Serbia	32	10	8	(2)	0	(0)	-
Singapore	216	161	66	(4)	(0)	(0)	-
Slovakia	116	32	25	(4)	(1)	(0)	-
Slovenia	19	5	4	(1)	0	(0)	-
Sweden	165	85	43	(9)	0	(0)	-
Switzerland	550	264	59	(13)	0	(0)	-
Taiwan	44	33	(6)	(1)	5	(2)	-
Chad	212	29	4	(3)	0	(2)	-
Thailand	3	0	(0)	-	-	-	-
Togo	48	6	5	(0)	-	(0)	-
Tunisia	1,400	154	59	(27)	3	(5)	-
Turkey	105	103	98	(0)	(24)	(0)	-
Ukraine	45	4	1	(1)	(2)	-	-
TOTAL	**115,466**	**28,059**	**4,507**	**(1,274)**	**(286)**	**(1,867)**	**-**

* ***Staff:*** *Full-time equivalent (FTE) as at closing date. Staff members of entities accounted for by the equity method and entities removed during the year are excluded.*
NBI: *Net banking income by territorial contribution to the consolidated statement, in millions of euros, before elimination of intragroup reciprocal transactions. Net income from companies accounted for by the equity method is directly recorded in the earnings before tax, there is no contribution from them.*
Earning before tax: *Earning before tax by territorial contribution to the consolidation statement, in millions of euros, before elimination of intragroup reciprocal transactions.*
Corporate taxes: *Such as presented in the consolidated statement in accordance with the IFRS standards and by distinguishing the current taxes of the deferred taxes, in millions of euros.*
Other taxes: *Other taxes include among others payroll taxes, the C3S, the contribution to the SRF, CET taxes and local taxes. The data arise from the consolidated reporting and from management report, in millions of euros.*
Public subsidies received: *Non-matching or non-refundable subsidies granted by a public entity on a one-off or renewable basis to complete a clearly defined project.*

(1) Income from the entity located in Bermuda is taxed in France.
(2) The entity located in Curacao was liquidated in 2022.
(3) Income from the entity located in Cayman Islands is taxed in the United States.
(4) Most of the staff located in India is assigned to a shared services centre, the re-invoicing income of which is recorded in general and administrative expenses and not in NBI.

3

CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

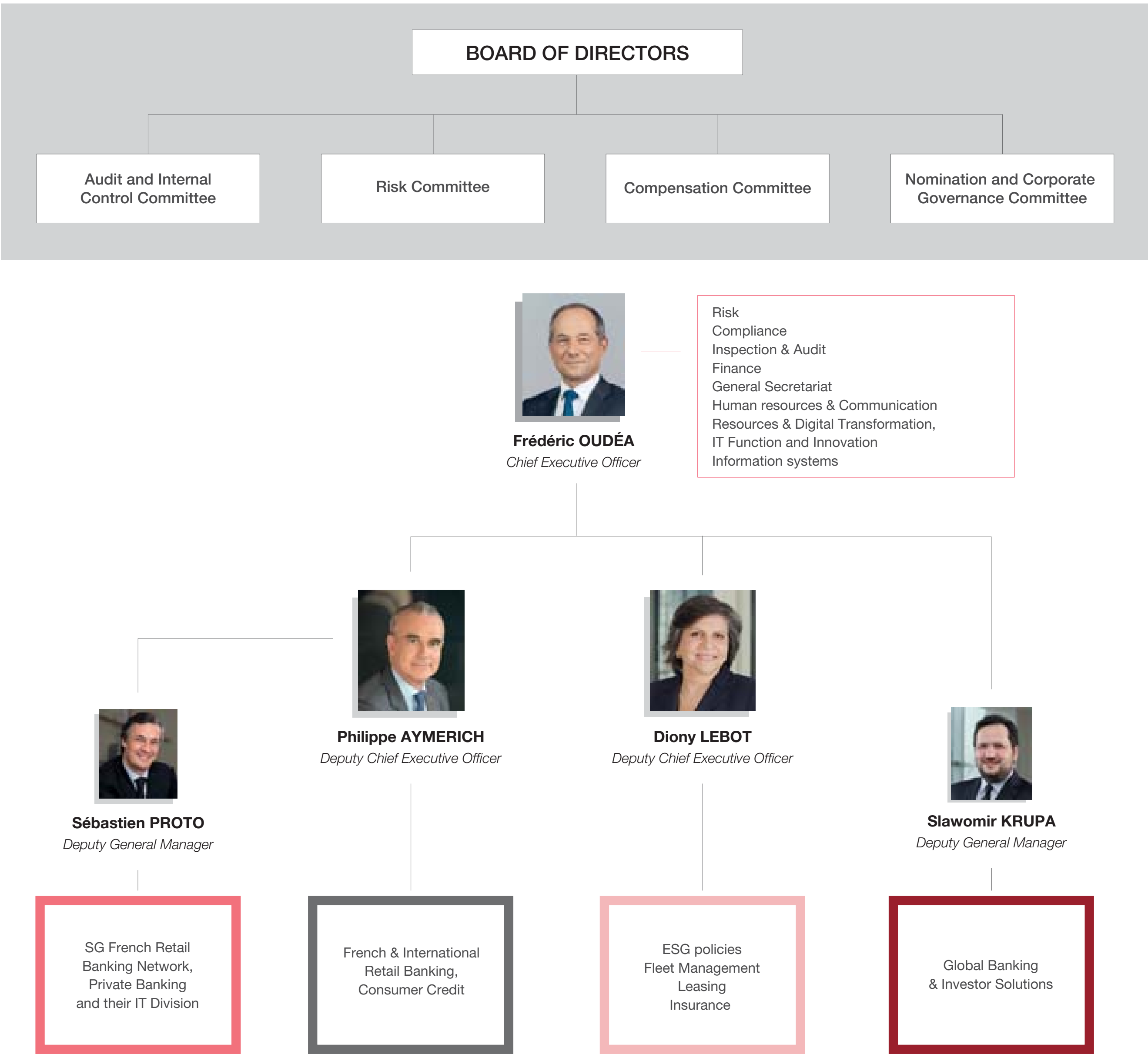
3.1.1 GOVERNANCE

Purpose

The Board of Directors reviewed the Bank's purpose in 2019 following the introduction of French Act No. 2019-486 on 22 May 2019, referred to as the Pacte Law, the aim of which is to provide action plans for innovation, business growth and transformation. The Board defined the new purpose as "Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions". From a formal standpoint, the Board decided not to include the purpose in the By-laws. However, at its Extraordinary General Meeting of 2020, Societe Generale modified its By-laws to specify that the Board of Directors determines the strategic focus of the Company's activity and ensures that it is implemented according to its corporate interests, by taking into account environmental and social responsibility considerations (see Chapter 5). In May 2021, the first sentence of the preamble of the Board of Directors' internal rules was also modified to take account of this change.

Presentation of the organisation

At 1 January 2023



The composition of the Board of Directors is presented on pages 74 and following of this report on corporate governance. The internal rules of the Board of Directors, which define the Board of Directors' powers, are provided in Chapter 7 of this Universal Registration Document, on pages 650 and following. The Board of Directors' work is presented on pages 92-94.

The composition of General Management and of the Management Committee is presented in the corresponding sections of this report (see pages 105-107 and 109).

The tasks of the supervisory committees are described on page 108.

The powers of the Board of Directors and of its various committees, along with the committees' activity reports, are presented on pages 89 and following, and notably cover:

- the role of the Chairman and the report on his activities, page 89;
- the Audit and Internal Control Committee, page 95-98;
- the Risk Committee, page 98-100;
- the Compensation Committee, page 101-102;
- the Nomination and Corporate Governance Committee, pages 102-104.

Information regarding the non-voting Director's role and a report on his activities appear on pages 72, 79, 93 and 104.

Organisation of the governance

On 15 January 2015, the Board of Directors decided that, in accordance with Article L. 511-58 of the French Monetary and Financial Code *(Code monétaire et financier)*, the offices of Chairman and Chief Executive Officer would be separated following the General Meeting of 19 May 2015. At that date, Lorenzo Bini Smaghi became Chairman of the Board of Directors, and Frédéric Oudéa remained Chief Executive Officer. On 21 May 2019, the Board of Directors decided to renew the term of office of Frédéric Oudéa as Chief Executive Officer for a further four-year term after his term of office as Director was renewed at the General Meeting of 21 May 2019.

Lorenzo Bini Smaghi was reappointed Chairman of the Board of Directors on 17 May 2022.

Frédéric Oudéa is assisted by two Deputy Chief Executive Officers whose terms of office were renewed on 21 May 2019, until the expiration of Frédéric Oudéa's term of office. The Chief Executive Officer and the two Deputy Chief Executive Officers are assisted by two Deputy General Managers who are not corporate officers.

On 17 January 2022, Frédéric Oudéa, the Chief Executive Officer, took direct control of supervising the Risk and Compliance functions, in addition to the Inspection and Audit, Finance, Corporate Secretary Departments, and the Human Resources and Communication Departments. On 1 January 2023, he took over responsibility for Resources & Digital Transformation, the IT Function and innovation, and the Information System.

On 17 January 2022, Diony Lebot became responsible for overseeing all ESG policies and their effective incorporation into the strategic trajectories adopted by the Group's business units and functions. She also supervises the specialised financial services (ALD and SGEF) and insurance activities.

Philippe Aymerich is Deputy Chief Executive Officer in charge of French and International Retail Banking activities.

Statement of the corporate governance regime

Societe Generale refers to the AFEP-MEDEF Corporate Governance Code for listed companies (hereinafter the "AFEP-MEDEF Code"). The document is available on the *www.hcge.fr* website. In accordance with the "comply or explain" principle, Societe Generale states that it applies all recommendations from the AFEP-MEDEF Code.

An amended set of internal rules amended on 2 August 2022 (hereinafter referred to as the "internal rules") governs the functioning of the Board of Directors and its committees. The Company's internal rules and By-laws appear in the Universal Registration Document (see Chapter 7).

3.1.2 BOARD OF DIRECTORS

Presentation of the Board of Directors

(At 1 January 2023)

15
Number of Directors
(including 3 Directors elected by the employees)(1)

92%
Proportion of independent Directors

42%
Representation by women(2)

9
Number of nationalities(3)

59
Average age

7 years
Average time on the Board

18
Number of meetings held in 2022

97%
Average attendance rate in 2022

(1) Two represent employees and one represents employee shareholders.
(2) In accordance with legislation and the AFEP-MEDEF Code, the three Directors representing the employees are excluded from the calculation.
(3) Taking into account the dual citizenship of certain Directors.

At 1 January 2023, the Board of Directors comprised 15 members: 13 Directors appointed at the General Meeting (including the Director representing the employee shareholders appointed at the General Meeting following the submission of the employee shareholders) and two Directors representing the employees.

The Board of Directors appointed Jean-Bernard Lévy as non-voting Director for a two-year term from 18 May 2021. One of his tasks is to assist the Board of Directors in relation to its energy transition remit. The Board decided to renew his term for a further two years until 18 May 2025 and extend his remit to include the full scope of Corporate Social Responsibility topics (for details of Jean-Bernard Lévy's responsibilities, see page 93 and for the report on his brief, see page 104).

A representative of the Social and Economic Committee attends the Board of Directors' meetings, but does have voting rights.

The term of office of Directors appointed by the General Meeting is four years. Their tenures expire at staggered intervals. Directors directly elected by the employees are tenured for three years. At the General Meeting of 23 May 2023, a submission will be made to introduce a statutory modification to the length of their tenures, aligning them with the four-year term of the other Directors. This modification will take effect from the General Meeting which will approve the financial statements of 2023. The purpose of the change is to simplify the management of elections and ensure that appointments within the Board of Directors are staged at more appropriate intervals.

In 2023, the terms of office of three Directors will expire and the Nomination and Corporate Governance Committee has recommended to the Board of Directors that they be replaced. In addition, Juan Maria Nin Génova, whose second term of office will expire in 2024, wishes to end his tenure at the General Meeting of 23 May 2023.

Frédéric Oudéa will have been Director for 14 years at the date of the General Meeting of 23 May 2023 - the year of his first appointment was 2009 - and his term of office as Director expires on this date. He announced at the General Meeting of 17 May 2022 that he would not seek a further term of office as Director or Chief Executive Officer. The Board of Directors acknowledged his decision and renewed their trust in him to lead the Group until his term of office expires.

The Board of Directors, acting on the recommendation of the Nomination and Corporate Governance Committee, has appointed Slawomir Krupa as Director to replace Frédéric Oudéa.

Slawomir Krupa was born on 18 June 1974 and holds dual French and Polish citizenship. He has over 27 years' experience in the international financial sector. He joined the Societe Generale Group in 1996 and began his career as an inspector in the General Inspection Division. From 2007, when he joined the Corporate and Investment Banking Division, he was successively responsible for various functions. In 2007, he was Director of Strategy and Development, after which he became Head of Central and Eastern Europe, Middle-East and Africa (CEEMEA) in 2009. Later, in 2012, he was appointed Deputy Director of Financing. He was appointed CEO of SG Americas in January 2016. In January 2021, he joined the Group's Executive Management team as Head of Global Banking and Investor Solutions. He has a Directorship in Societe General Forge, an unlisted French company of the Group.

Once elected, Slawomir Krupa will be appointed Chief Executive Officer by the Board of Directors. The functions of Chairman and Chief Executive Officer will continue to be separated pursuant to Article L. 511-58 of the French Monetary and Financial Code.

The selection process for a candidate to replace Frédéric Oudéa was launched in May 2022. The process was managed by the Chairman of the Board of Directors, Lorenzo Bini Smaghi, in conjunction with the Nomination and Corporate Governance Committee, chaired by Gérard Mestrallet, and involving all the independent Directors and consulting the Board of Directors. The Chairman was also briefed by an independent consultancy firm. He reviewed the panel of high-calibre candidates, both women and men – French and foreign – from inside and outside the Group. At the end of the selection process and after the Nomination and Corporate Governance Committee had issued its recommendation, the Board of Directors chose Slawomir Krupa at its meeting on 30 September 2022.

Kyra Hazou will have been Director for twelve years at the date of the General Meeting of 23 May 2023. The year of her first appointment was 2011. In accordance with the AFEP-MEDEF Code's independence criteria, Kyra Hazou does not wish to renew her term of office.

The Board of Directors, on the recommendation of the Nomination and Corporate Governance Committee, has put forward Ulrika Ekman as independent Director for a four-year period to replace Kyra Hazou. A Swedish and US citizen, Ulrika Ekman is 60 and will bring extensive legal experience to the Board. She was previously a partner of the US law firm Davis Polk & Wardnell LLP (1990-2004). She subsequently performed various functions at Greenhill & Co, a US investment bank, serving as General Counsel from 2004 to 2012 before founding Embla Advisors. She is currently a member of the Board of Directors of Greenhill & Co.

The replacement procedure involved a search for candidates that began in the summer of 2021 with the assistance of a consultancy firm based on the criterion defined by the Nomination and Corporate Governance Committee, *i.e.*, that it was seeking a non-French lawyer or Chief Legal Officer of a leading international law firm or of a very large international company, with experience in the US.

Gérard Mestrallet, who chairs the Nomination and Corporate Governance Committee and is a member of the Compensation Committee, has been an independent Director for eight years at the date of the General Meeting of 23 May 2023. The year of his first appointment was 2015 and his term of office as Director will expire on this date. Gérard Mestrallet, who is 73, does not wish to renew his term of office.

The Board of Directors, on the recommendation of the Nomination and Corporate Governance Committee, has put forward Benoît de Ruffray as independent Director for a four-year period to replace Gérard Mestrallet. Benoît de Ruffray, a French citizen, is 56 and will bring to the Board of Directors extensive international and industrial experience. He has been Chief Executive Officer of Eiffage since January 2016. Prior to that, he was CEO of Soletranche Freyssinet after holding numerous positions in the Bouygues Group in France and abroad.

The selection process for a candidate to replace Gérard Mestrallet began late in 2021 with the assistance of a consultancy firm and guided by the criterion defined by the Nomination and Corporate Governance Committee, *i.e.* the successful candidate would need to be a manager of a very large French or European company with an international footprint that operated in a sector sensitive to environmental concerns.

It is also proposed that a replacement be found for Juan Maria Nin Génova, who wishes to bring his term of office to an end a year early. He will have been Director for seven years at the date of the General Meeting of 23 May 2023 and his term of office as Director expires in 2024. The year of his first appointment was 2016. In light of his appointment as Chairman of the Spanish company ITP Aero, following the approval of the Spanish Council of Ministers and under the terms of the agreement signed by the latter with the new shareholder of this company to preserve Spanish strategic industrial and defence interests, Juan Maria Nin Génova wishes to end his term of office at the General Meeting on 23 May 2023 owing to time constraints and in accordance with the rules governing the possible number of Directorships held by bank Directors.

The Board, on the recommendation of the Nomination and Corporate Governance Committee, has put forward Béatrice Cossa-Dumurgier as independent Director. Béatrice Cossa-Dumurgier is 48 and a French citizen, and will bring to the Board strong expertise in retail and digital banking. She is a independent Director on the Board of Casino and Peugeot Invest. She is currently Deputy Chief Executive Officer of Believe, prior to which she was Chief Operating Officer of BlablaCar. From 2004 until 2019, she held various positions at BNP Paribas, notably in retail banking.

The selection process for a candidate to replace Juan Maria Nin Génova involved a search that began during the second half of 2022, with the assistance of a consultancy firm based on the criterion defined by the Nomination and Corporate Governance Committee, *i.e.*, a candidate with experience in retail and digital banking.

The preliminary short-list of candidates for each of the Director positions had to meet the "fit and proper person" criteria set by the EBA and the ECB. The Board of Directors defined the profiles it was seeking for each Directorship in light of its composition and made sure that they would bring to it the necessary expertise to carry out its remit.

The Board of Directors verified that the short-listed candidates to be put forward as Directors at the General Meeting of 23 May 2023 meet these conditions and that they will have sufficient time at their disposal to carry out their duties. It also made sure that the resulting composition would strike the correct balance in terms of gender and international experience. All candidates short-listed by the external consulting firm were interviewed by each of the members on the Nomination and Corporate Governance Committee.

Presentation of the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS AND CHANGES IN 2022

In May 2022 Lorenzo Bini Smaghi was reappointed as Director and Chairman of the Board of Directors. Jérôme Contamine and Diane Côté were also reappointed as Directors.

Directors	Gender	Age[(1)]	Nationality	Initial year of appoint-ment	End of term of office (GM)	Number of years on the Board[(2)]	Inde-pendent Director	Member of a Board Committee	Number of Directorships in listed companies	Number of shares
Lorenzo BINI SMAGHI Chairman of the Board of Directors Director	M	66	Italian	2014	2026	9	Yes	-	1	2,174
Frédéric OUDÉA Chief Executive Officer Director	M	59	French	2009	2023	14	No	-	2	272,263 2,629[(7)]
William CONNELLY Director	M	64	French	2017	2025	6	Yes	Chairman of the CR[(3)] CONOM[(4)]	3	2,173
Jérôme CONTAMINE Director	M	65	French	2018	2026	5	Yes	Chairman of the COREM[(6)] CACI[(5)]	2	1,069
Diane CÔTÉ Director	F	59	Canadian	2018	2026	5	Yes	CACI[(5)] CR[(3)]	1	1,000
Kyra HAZOU Director	F	66	British/ American	2011	2023	12	Yes	CACI[(5)] CR[(3)]	1	1,086
France HOUSSAYE[(8)] Director	F	55	French	2009	2024	14	No	COREM[(6)]	1	-
Annette MESSEMER Director	F	58	German	2020	2024	3	Yes	CR[(3)] CACI[(5)]	3	1,000
Gérard MESTRALLET Director	M	73	French	2015	2023	8	Yes	Chairman of the CONOM[(4)] COREM[(6)]	1	1,200
Juan Maria NIN GÉNOVA Director	M	69	Spanish	2016	2024	7	Yes	CR[(3)] COREM[(6)]	1	1,629
Henri POUPART-LAFARGE Director	M	53	French	2021	2025	2	Yes	CONOM[(4)]	2	1,000
Johan PRAUD[(8)] Director	M	37	French	2021	2024	2	No	-	1	-
Lubomira ROCHET Director	F	45	French/ Bulgarian	2017	2025	6	Yes	CONOM[(4)]	3	1,000
Alexandra SCHAAPVELD Director	F	64	Dutch	2013	2025	10	Yes	Chairman of the CACI[(5)] CR[(3)]	3	3,069
Sébastien WETTER[(8)] Director	M	51	French	2021	2025	2	No	-	1	3,309 6,659[(7)]
Jean-Bernard LÉVY Non-voting Director	M	66	French	2021	2023					Not applicable

(1) Age at 1 January 2023.
(2) At the date of the next General Meeting, to be held on 23 May 2023.
(3) Risk Committee.
(4) Nomination and Corporate Governance Committee.
(5) Audit and Internal Control Committee.
(6) Compensation Committee.
(7) Via Societe Generale Actionnariat (Fonds E).
(8) Directors representing employees.

EXPIRATION OF THE TERMS OF OFFICE OF THE DIRECTORS APPOINTED AT THE GENERAL MEETING[1]

Directors	GM 2023	GM 2024	GM 2025	GM 2026
Lorenzo BINI SMAGHI				x
Frédéric OUDÉA	x			
William CONNELLY			x	
Jérôme CONTAMINE				x
Diane CÔTÉ				x
Kyra HAZOU	x			
Annette MESSEMER		x		
Gérard MESTRALLET	x			
Juan Maria NIN GÉNOVA		x		
Henri POUPART-LAFARGE			x	
Lubomira ROCHET			x	
Alexandra SCHAAPVELD			x	
Sébastien WETTER			x	

(1) The terms of office of the Directors elected by the employees expire at the end of the General Meeting to be held in 2024.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2022

Board of Directors

Directors	Departure	Appointment	Reappointment
Lorenzo BINI SMAGHI			17 May 2022
Jérôme CONTAMINE			17 May 2022
Diane CÔTÉ			17 May 2022
Committees			
No change			

At 1 January 2023, 11 Directors were members of one or several committees of the Board of Directors.

DIVERSITY AND COMPLEMENTARITY IN THE BOARD'S COMPOSITION

The composition of the Board of Directors is designed to achieve a balance between experience, expertise and independence and to secure gender balance and diversity within its ranks. As such, the Board of Directors observes the following benchmarks:

- compliance with the 40% gender parity rate;
- minimum 30% target of non-French Directors on the Board;
- skills matrix.

As part of its recruiting process, the Board of Directors arranges the necessary training programmes and assessments to ensure that Directors are competent and active, that they attend meetings and are involved.

The Board ensures that the guidelines laid down by the European Banking Authority and the European Central Bank regarding fit and proper person procedures are strictly upheld.

It ensures that its composition is balanced in terms of age as well as professional and international experience. The Nomination and Corporate Governance Committee reviews these objectives each year through an annual assessment, the results of which are set out on page 104 of the present report on corporate governance. The Board of Directors also ensures the regular renewal of its members and strictly applies the recommendations of the AFEP-MEDEF Code regarding the independence of its members.

An experienced and complementary group of Directors

Expertise and experience in the financial world, and leaders of large international companies form the criteria underpinning the selection of the Directors. Furthermore, the Board of Directors ensures that it has technological and digital transformation expertise among its ranks. Each year, the Nomination and Corporate Governance Committee and the Board of Directors review the existing balance in the Board of Directors' composition. A review of the Directors' expertise underscores the complementary nature of their profiles, particularly in relation to Corporate Social Responsibility (CSR – see the skills matrix below). Their profiles address the entire spectrum of the Bank's businesses and the risks associated with its business.

Directors' expertise

The matrix below illustrates the Directors' main areas of expertise and experience. Their biographies can be found on pages 81 to 88.

As of 2024, mobility-related skills will be appraised to make greater allowance for the weight of ALD in the Group's business.

BOARD OF DIRECTORS	CSR	GOVERNANCE, CORPORATE MANAGEMENT, SHAREHOLDER RELATIONS, STRATEGY	FINANCE, ACCOUNTING	REGULATORY, LEGAL, COMPLIANCE	INTERNATIONAL	IT, INNOVATION, DIGITAL	BANK, INSURANCE	RISK	NON-FINANCIAL ACTIVITIES	INTERNAL CONTROL, AUDIT	MARKETING, CUSTOMER SERVICES	CYBERSECURITY
Lorenzo BINI SMAGHI	●	●	●	●	●		●	●	●	●		●
Frédéric OUDÉA	●	●	●	●	●	●	●	●	●	●	●	●
William CONNELLY	●	●	●	●	●	●	●	●	●	●	●	●
Jérôme CONTAMINE	●	●	●	●	●	●		●	●	●		●
Diane CÔTÉ	●	●	●	●	●	●	●	●		●		●
Kyra HAZOU	●	●	●	●	●		●	●		●	●	●
France HOUSSAYE	●	●		●			●	●			●	
Annette MESSEMER	●	●	●	●	●		●	●	●	●	●	●
Gérard MESTRALLET	●	●	●	●	●		●	●	●	●		●
Juan Maria NIN GÉNOVA	●	●	●	●	●	●	●	●	●	●	●	●
Henri POUPART-LAFARGE	●	●	●	●	●	●		●	●	●	●	●
Johan PRAUD	●			●			●	●			●	
Lubomira ROCHET	●	●	●		●	●	●		●		●	●
Alexandra SCHAAPVELD	●	●	●	●	●		●	●	●	●	●	●
Sébastien WETTER	●		●	●	●	●	●	●		●	●	
Jean-Bernard LÉVY (Censeur)	●											

A balanced representation of women and men on the Board of Directors

At 1 January 2023, the Board of Directors comprised six women and nine men, *i.e.* 40% women, or 42% if the two Directors representing the employees are excluded from the calculation, in accordance with the provisions of Articles L. 225-23 and L. 225-27 of the French Commercial Code.

The Board of Directors ensures a balanced representation of men and women among the 13 members appointed by the General Meeting of Shareholders.

The Board of Directors also makes sure that a balanced representation of men and women exists on its committees. At 1 January 2023, each Committee comprised different genders.

The Audit and Internal Control Committee is chaired by a woman.

Sound balance in the ages and length of tenure of the Directors

At 1 January 2023, the average age of the Directors was 59:

- two Directors are less than 50;
- six Directors are between 50 and 60;
- three Directors are between 60 and 65;
- three Directors are between 66 and 70;
- one Director is over 70.

This balanced breakdown ensures that members have both the experience and the time available to devote to the Board's work. The desired objective is to preserve the balance between the different age brackets of Board of Director members.

By the next General Meeting, the average length of tenure on the Board of Directors will be seven years. The average duration should be weighed up against the Directors' four-year terms of office and the Board of Directors' practice to factor in the independence aspect, *i.e.* to not have been a Director for more than twelve years when renewing the independent Directors' terms of office. If the renewal submissions are approved at the General Meeting, the average age will decrease to 55.

Composition suited to the Group's international dimension

Nine different nationalities are represented on the Board of Directors, which includes two members who hold dual citizenship.

All Board members - ruling out the Directors who are employees - possess international experience, either because they have occupied a position outside France during their career, or because they have held one or several Directorships in non-French companies.

The aim of the Board of Directors is to ensure that at least one-third of its members appointed at the General Meeting are non-French citizens and, furthermore, to include persons whose nationalities embody the Group's European dimension. At 1 January 2023, six out of 12 Directors were non-French nationals, excluding employee Directors.

MORE THAN 90% OF DIRECTORS WERE INDEPENDENT AT 1 JANUARY 2023

In accordance with the AFEP-MEDEF Code and based on the report of its Nomination and Corporate Governance Committee, the Board of Directors reviewed the situation of each of its members at 1 January 2023 in respect of the independence criteria defined in the aforementioned Code.

It reviewed the status of the business relationships existing between the Directors or the companies they manage and Societe Generale and its subsidiaries. The review concerned both customer and supplier relationships.

The Board specifically focused on the banking and advisory relationships between the Group and the companies in which its Directors are also executive officers to assess whether the nature and extent of these relationships could possibly affect the independence of Directors' decision-making. The assessment is based on a multi-criteria review integrating several parameters, such as the Company's overall debt and liquidity, the ratio of bank debt to overall debt, the amount of Societe Generale's commitments and the extent of these commitments compared to total bank debt, advisory mandates held, and other commercial relationships.

The review concentrated primarily on Gérard Mestrallet, who is Executive President of Al Ula, William Connelly, who chairs the Supervisory Board of Aegon N.V. and Amadeus IT Group SA, and Juan Maria Nin Génova, who chairs the Board of Directors of Promociones Habitat, Itinere Infraestructuras de Mora Banc and ITP Aero, and on Henri Poupart-Lafarge, who is Chairman and Chief Executive Officer of Alstom.

In the four cases, the Committee ascertained that the nature of the economic, financial and other relationships between the Directors, the groups they manage or chair and Societe Generale did not alter the findings of their independence review conducted in early 2022. Societe Generale's role in financing the debt of their groups appeared to be compatible with the Committee's assessment criteria, *i.e.* less than 5% of the banking and non-banking debt. They are therefore deemed to be independent.

In light of the report, only four Directors are considered not to be independent: Frédéric Oudéa, the Director representing employee shareholders and the two Directors representing the employees.

At 1 January 2023, the number of independent Directors was therefore 11, *i.e.* 92% of the Board's members, using the AFEP-MEDEF Code's calculation rule that excludes the two employee representatives and the employee shareholder representative.

The percentage is well above the Board of Directors' requirement to observe the minimum target of 50% independent Directors recommended in the AFEP-MEDEF Code.

The Board of Directors, acting on the submission of the Nomination and Corporate Governance Committee, examined the situation of the Directors to be put forward at the General Meeting of 23 May 2023 (Slawomir Krupa, Béatrice Cossa-Dumurgier, Benoît de Ruffray and Ulrika Ekman). Slawomir Krupa cannot be deemed to be independent. The others meet the independence criteria. In its assessment, the Committee verified the business relationship with Eiffage, of which Benoît de Ruffray is Chief Executive Officer.

If the General Meeting approves these propositions concerning the Board of Directors:

- the percentage of women on the Board of Directors will be 47% (seven out of 15 Directors) based on the total number of Board of Director members or 50% (six out of 12) if, in accordance with legislation and the AFEP-MEDEF Code, the Director representing employee shareholders and the two Directors representing employees are excluded from the calculation; or 46% women (six out of 13), excluding only the two Directors representing employees;
- the independence rate will be 92% (11 out of 12 Directors) if, in accordance with the AFEP-MEDEF Code, the three employee Directors are excluded from the calculation; and
- eight out of 15 Directors will be foreign nationals, *i.e.* the percentage of non-French Board of Director members will be 53% if the Directors representing employees are included, and eight out of 12, taking the percentage of international members to 67% if the three employee Directors were excluded from the calculation.

The Board of Directors has therefore made certain that it possesses all the necessary skills to function properly and to carry out its brief of defining the strategy of Societe Generale Group and ensuring that it is implemented.

DIRECTORS' SITUATION IN RESPECT OF THE AFEP-MEDEF CODE'S INDEPENDENCE CRITERIA

	Company employee, executive officer or Director[(2)] status over the past five years	Existence or otherwise of cross-directorships	Existence or otherwise of significant business relationships	Existence of close family ties with a corporate officer	Not a Statutory Auditor for the Company during the past five years	Not a Director for the Company for more than twelve years	Representative of major shareholders
Lorenzo BINI SMAGHI[(1)]	✓	✓	✓	✓	✓	✓	✓
Frédéric OUDÉA	×	✓	✓	✓	✓	×	✓
William CONNELLY	✓	✓	✓	✓	✓	✓	✓
Jérôme CONTAMINE	✓	✓	✓	✓	✓	✓	✓
Diane CÔTÉ	✓	✓	✓	✓	✓	✓	✓
Kyra HAZOU	✓	✓	✓	✓	✓	✓	✓
France HOUSSAYE	×	✓	✓	✓	✓	✓	✓
Annette MESSEMER	✓	✓	✓	✓	✓	✓	✓
Gérard MESTRALLET	✓	✓	✓	✓	✓	✓	✓
Juan Maria NIN GÉNOVA	✓	✓	✓	✓	✓	✓	✓
Henri POUPART-LAFARGE	✓	✓	✓	✓	✓	✓	✓
Johan PRAUD	×	✓	✓	✓	✓	✓	✓
Lubomira ROCHET	✓	✓	✓	✓	✓	✓	✓
Alexandra SCHAAPVELD	✓	✓	✓	✓	✓	✓	✓
Sébastien WETTER	×	✓	✓	✓	✓	✓	✓

NB: ✓ represents a satisfied independence criterion and × represents an unmet independence criterion.

(1) The Chairman receives neither variable compensation nor attendance fees/compensation for his term as Director, nor securities, nor any compensation contingent on the performance of Societe Generale or the Group.

(2) In a company that the Company consolidates, the parent company of the Company or a company consolidated by said parent company.

The Nomination and Corporate Governance Committee also ensured that Jean-Bernard Lévy, the non-voting Director, also met independence criteria.

CONSCIENTIOUS DIRECTORS

In 2022, Lorenzo Bini Smaghi chaired all 18 of the Board of Directors' meetings.

The Directors' attendance rates at Board of Directors' and Committee meetings are very high. The average attendance rate per meeting is:

- 97% for the Board of Directors (CA) (96% in 2021);
- 100% for the Audit and Internal Control Committee (CACI) (98% in 2021);
- 100% for the Risk Committee (CR) (98% in 2021);
- 89% for the Nomination and Corporate Governance Committee (CONOM) (97% in 2021); and
- 97% for the Compensation Committee (COREM) (100% in 2021).

	CA		CACI		CR		CONOM		COREM	
Attendance in 2022	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**
Lorenzo BINI SMAGHI	18	100%								
Frédéric OUDÉA	18	100%								
William CONNELLY	18	100%			10	100%	10	91%		
Jérôme CONTAMINE	18	100%	10	100%					8	100%
Diane CÔTÉ	17	94%	10	100%	10	100%				
Kyra HAZOU	18	100%	10	100%	10	100%				
France HOUSSAYE	18	100%							8	100%
Annette MESSEMER	17	94%	10	100%	10	100%				
Gérard MESTRALLET	16	89%					11	100%	8	100%
Juan Maria NIN GÉNOVA	17	94%			10	100%			7	88%
Henri POUPART-LAFARGE	15	83%					8	73%		
Johan PRAUD	18	100%								
Lubomira ROCHET	18	100%					10	91%		
Alexandra SCHAAPVELD	18	100%	10	100%	10	100%				
Sébastien WETTER	18	100%								
Number of meetings held in 2022	18		10		10		11		8	
Average attendance rate (%)	**97%**		**100%**		**100%**		**89%**		**97%**	

DIRECTORS AND A NON-VOTING DIRECTOR BOUND BY STRINGENT ETHICS RULES

Each Director is required to comply with the ethics rules laid down in the Internal Rules, in particular with respect to:

Regulations relating to insider trading

EXTRACT OF ARTICLE 5 OF THE INTERNAL RULES

5.5 Each Director must comply with the provisions of the rules on market abuse, in particular those relating to the communication and the use of inside information with regard to Societe Generale shares, debt securities and derivative instruments or other financial instruments related to the Societe Generale share (hereinafter, Financial Instruments). He/she must also comply with these same rules for Financial Instruments of his/her subsidiaries or listed investments or companies on which he/she may hold inside information received as a result of his/her participation in the Board of Directors of Societe Generale.

5.6 Directors shall abstain from intervening on the market of Societe Generale Financial Instruments during the 30 calendar days preceding the publication of Societe Generale's quarterly, half-yearly and annual results, as well as on the day of said publication.

They shall refrain from carrying out speculative or leveraged transactions on Societe Generale Financial instruments or those of a listed company controlled directly or indirectly by Societe Generale within the meaning of article L. 233-3 of the French Commercial Code.

They shall inform the Secretary of the Board of Directors of any difficulty they may encounter in enforcing the above.

5.7 In accordance with the regulations in force, Directors and persons closely associated with them must report to the French Financial Markets Authority (AMF) the transactions carried out on Societe Generale Financial instruments.

A copy of this statement is also sent to the Secretary of the Board of Directors.

Management of conflicts of interest

ARTICLE 8 OF THE INTERNAL RULES

8.1 The Director shall inform the Secretary of the Board of Directors by letter or email of any conflict of interest, including potential, in which he/she may be directly or indirectly involved. He/she shall refrain from participating in any discussion and voting on such matters.

8.2 The Chairman is in charge of managing conflict of interest situations of the members of the Board of Directors. Where appropriate, he/she refers the matter to the Nomination and Corporate Governance Committee. Regarding conflicts that could affect him/her personally, he/she refers to the Chairman of the Nomination and Corporate Governance Committee.

If necessary, the Chairman may invite a Director having a conflict of interest not to attend the deliberation.

8.3 The Director shall inform, by letter or email, the Chairman of the Board of Directors and the Chairman of the Nomination and Corporate Governance Committee of his/her intention to accept a new corporate office position, including his/her participation in a Committee in a company not belonging to a group of which he/she is director or officer, in order to enable the Board of Directors, based on the proposal of the Nomination and Corporate Governance Committee, to decide where appropriate that such an appointment would be inconsistent with the directorship in Societe Generale.

8.4 Each Director shall make a sworn statement as to the existence or otherwise of the situations referred to in 5.8 and 8.1: (i) upon taking up his/her office, (ii) each year in response to the request made by the Secretary of the Board of Directors upon the preparation of the Universal Registration Document, (iii) at any time if the Secretary of the Board of Directors requests it and (iv) within 10 working days following the occurrence of any event that renders the previous statement made by him/her in whole or in part inaccurate.

8.5 In accordance with article L. 511-53-1 of the French Monetary and Financial Code, Societe Generale and the entities of the Societe Generale group keep up to date and at the disposal of the ACPR the appropriate documentation concerning all of the loans granted by Societe Generale or an entity of the Group to each director and their related parties. In addition to the legal provisions, where applicable, relating to regulated agreements requiring prior authorisation from the Board of Directors in which the interested party does not take part, an internal procedure within the Group

EXTRACT OF ARTICLE 21 OF THE INTERNAL RULES: NON VOTING DIRECTOR

The non-voting Director attends meetings, executive sessions and seminars of the Board of Directors and can participate in the meetings of the specialised committees, in a consultative capacity. He/she is subject to the same rules of ethics, confidentiality, conflicts of interest and ethics as the Directors.

In 2022, no conflict of interest situation existed which resulted in a Director being requested to refrain from attending a meeting.

DIRECTORS REQUIRED TO HOLD A SIGNIFICANT NUMBER OF SOCIETE GENERALE SHARES

Directors appointed by the General Meeting must hold a minimum of 600 shares after six months in office and 1,000 shares after one year in office, in accordance with the provisions of Article 19 of the Internal Rules. At 1 January 2023, all Directors complied with these rules. The Chairman of the Board of Directors holds 2,174 Societe Generale shares. Each Director shall refrain from hedging their shares. The Directors representing employees are not subject to any obligation regarding the holding of shares, pursuant to Article L. 225-25 of the French Commercial Code.

The Chairman of the Board of Directors and Chief Executive Officers are bound by specific obligations (see page 154 – Societe Generale share ownership and holding obligations).

Presentation of the members of the Board of Directors and of the non-voting Director

Date of birth: 29 November 1956
Nationality: Italian
Year of first appointment: 2014
Term of office expires: 2026
Holds 2,174 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Lorenzo BINI SMAGHI

Chairman of the Board of Directors
Independent Director

Biography

Lorenzo Bini Smaghi holds a degree in Economic Sciences from the *Université Catholique de Louvain* (Belgium) and a Ph.D in Economic Sciences from the University of Chicago. He began his career in 1983 as an economist in the Research Department of the Bank of Italy. In 1994, he was appointed Head of the Policy Division of the European Monetary Institute. In October 1998, he took up the position of Director-General of International Financial Relations in the Italian Ministry of Economy and Finance. He was Chairman of SACE from 2001 to 2005. From June 2005 to December 2011, he was a member of the Executive Board of the European Central Bank. From 2012 to 2016, he served as Chairman of the Board of Directors of SNAM (Italy). From 2016 to April 2019, he was Chairman of the Board of Directors of Italgas (Italy). He has been Chairman of the Board of Directors of Societe Generale since 2015.

Other offices currently held

None.

Other offices and positions held in other companies in the past five years

- *Chairman of the Board of Directors:*
  Italgas (Italy) (from 2016 to 2019).
- *Director:*
  Tages Holding (Italy) (from 2014 to 2019).

Date of birth: 3 July 1963
Nationality: French
Year of first appointment: 2009
Term of office expires: 2023
Holds 272,263 shares
2,629 shares *via* Societe Generale Actionnariat (Fonds E)
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Frédéric OUDÉA

Chief Executive Officer

Biography

Frédéric Oudéa is a graduate of France's *École polytechnique* and *École nationale d'administration*. From 1987 to 1995, he held a number of positions in the French senior civil service, the Audit Department of the Ministry of Finance, the Ministry of the Economy and Finance, the Budget Ministry and the Cabinet of the Minister of the Treasury and Communication. He joined Societe Generale in 1995, successively holding the positions of Deputy Head and Head of the Corporate Banking arm in London. In 1998, he was appointed Head of Global Supervision and Development of the Equities Department. He became Deputy Chief Financial Officer of Societe Generale Group in May 2002 and later Chief Financial Officer in January 2003. In 2008, he was appointed Chief Executive Officer of the Group. He was both Chairman and Chief Executive Officer of Societe Generale from May 2009 to May 2015. He has served as Chief Executive Officer since the separation in May 2015 of the positions of Chairman of the Board of Directors and Chief Executive Officer. He is also Chairman of the *École polytechnique* Foundation and member of the Board of Directors of the *École polytechnique.*

Other offices currently held

In French listed companies:

- Director: Capgemini (since 2018), ALD* (since 7 February 2023).
- *Non-voting Director:*
  Sanofi (since September 2022).

Other offices and positions held in other companies in the past five years

None.

** Société Générale Group.*

Date of birth: 3 February 1958
Nationality: French
Year of first appointment: 2017
Term of office expires: 2025
Holds 2,173 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

William CONNELLY

Company Director
Independent Director
Chairman of the Risk Committee and member of the Nomination and Corporate Governance Committee

Biography

William Connelly is a graduate of Georgetown University in Washington (US). From 1980 to 1990, he worked as a banker at Chase Manhattan Bank in the US, Spain and the United Kingdom. From 1990 to 1999, he worked at Barings and later at ING Barings as Head of Mergers and Acquisitions in Spain, following which he was appointed Head of Corporate Finance for Western Europe. From 1999 to 2016, he was responsible for various positions in the Investment Banking Division at ING Bank N.V. (Netherlands). His last positions were Global Head of Corporate and Investment Banking and member of the Executive Committee, as well as Chief Executive Officer of ING Real Estate B.V. (an ING Bank subsidiary).

Other offices currently held

In non-French listed companies:
- *Chairman of the Supervisory Board:*
  Aegon N.V. (Netherlands) (member since 2017 and Chairman since 2018).
- *Chairman of the Board of Directors:*
  Amadeus IT Group (Spain) (Director since 2019) and Chairman (since 2021).

In non-French unlisted companies:
- *Director:*
  Singular Bank (formerly Self Trade Bank SA) (Spain) (since 2019).

Other offices and positions held in other companies in the past five years

None.

Date of birth: 23 November 1957
Nationality: French
Year of first appointment: 2018
Term of office expires: 2026
Holds 1,069 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Jérôme CONTAMINE

Company Director
Independent Director
Chairman of the Compensation Committee and member of the Audit and Internal Control Committee

Biography

Jérôme Contamine is a graduate of France's *École polytechnique*, ENSAE and *École nationale d'administration*. After spending four years as an auditor at the *Cour des Comptes* (the head body for auditing the use of public funds in France), he held various operating positions at Total. He was Chief Financial Officer of Veolia Environnement from 2000 to 2009. He held the position of Director at Valeo from 2006 to 2017. He served as Chief Financial Officer of Sanofi from 2009 until 2018.

Other offices currently held

In French listed companies:
- *Director and Member of the Audit Committee:*
  TOTALENERGIES (since 2020).

In French unlisted companies:
- *Chairman:*
  Sigatéo (since 2018).

In non-French listed companies:
- *Director:*
  Galapagos N.V. (Belgium)(since April 2022).

Other offices and positions held in other companies in the past five years

None.

Diane CÔTÉ

Independent Director
Member of the Audit and Internal Control Committee and of the Risk Committee

Date of birth: 28 December 1963
Nationality: Canadian
Year of first appointment: 2018
Term of office expires: 2023
Holds 1,000 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Biography

Diane Côté is a graduate of Ottawa University, where she majored in Finance and Accounting. From 1992 to 2012, she performed key functions in the Audit, Risk and Finance Divisions of diverse insurance companies (Prudential, Standard Life and Aviva) in Canada and the United Kingdom. From 2012 until 1 February 2021, she was Chief Risk Officer and member of the Executive Committee of the London Stock Exchange Group (LSEG).

Other offices currently held

In non-French unlisted companies:

- *Director:*
  X-Forces Enterprises (United Kingdom) (since 2021),
  Pay UK Ltd. (United Kingdom) (since January 2022),
  ACT (Netherlands) (since September 2022).

Other offices and positions held in other companies in the past five years

- *Director:*
  Novae Syndicates Limited (United Kingdom) (from 2015 to 2018),
  LCH SA (from 2019 to 2021).

Kyra HAZOU

Company Director
Independent Director
Member of the Audit and Internal Control Committee and of the Risk Committee

Date of birth: 13 December 1956
Nationality: American/British
Year of first appointment: 2011
Term of office expires: 2023
Holds 1,086 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Biography

Kyra Hazou graduated with a degree in Law from Georgetown University in Washington (US). After working as a lawyer in London and New York, she was appointed as Managing Director and Regional General Counsel for Salomon Smith Barney/Citibank from 1985 to 2000. Later, from 2001 to 2007, she held the positions of non-executive Director and member of the Audit Committee and the Risk Committee at the Financial Services Authority in London.

Other offices currently held

None.

Other offices and positions held in other companies in the past five years

None.

France HOUSSAYE

Director elected by the employees
Head of External Business Opportunities, Regional Commercial Department, Rouen (Normandy)
Member of the Compensation Committee

Date of birth: 27 July 1967
Nationality: French
Year of first appointment: 2009
Term of office expires: 2024
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Biography

Societe Generale employee since 1989.

Other offices currently held

None.

Other offices and positions held in other companies in the past five years

None.

Annette MESSEMER

Independent Director
Member of the Audit and Internal Control Committee and of the Risk Committee

Date of birth: 14 August 1964
Nationality: German
Year of first appointment: 2020
Term of office expires: 2024
Holds 1,000 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Biography

A German citizen, Annette Messemer holds a Ph.D in Political Science from the University of Bonn (Germany), a Master in International Economics from the Fletcher School at Tufts University (US) and a degree from *SciencesPo* Paris. She began her career in investment banking at JP Morgan in New York in 1994 and subsequently worked in Frankfurt and London. She left JP Morgan as Senior Banker in 2006 to join Merrill Lynch as member of the German subsidiary's Executive Committee. In 2010, she was appointed to the Supervisory Board of WestLB by the German Ministry of Finance before joining Commerzbank in 2013, where she was a member of the Group's Executive Committee and head of the Corporate and Institutional Clients department until June 2018.

Other offices currently held

In French listed companies:

- *Director:*
  Savencia SA (since 2020),
  Imerys SA (since 2020).

In non-French unlisted companies:

- *Chairman of the Supervisory Board:*
  Babbel AG (Germany) (since 2021).

Other offices and positions held in other companies in the past five years

- *Director:*
  Essilor International SA (from 2016 to 2018),
  Essilor International SAS (from 2018 to 2020),
  Essilorluxottica (from 2018 to 2021).
- *Member of the Supervisory Board:*
  K+S AG (Germany) (from 2013 to 2018).

Date of birth: 1 April 1949
Nationality: French
Year of first appointment: 2015
Term of office expires: 2023
Holds 1,200 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Gérard MESTRALLET

Independent Director
Chairman of the Nomination and Corporate Governance Committee
and member of the Compensation Committee

Biography

Gérard Mestrallet is a graduate of France's *École polytechnique* and *École nationale d'administration*. He held various positions in the French civil service before joining the Compagnie Financière de Suez in 1984 as Special Advisor to the Chairman, following which he became Senior Executive Vice-Chairman in charge of industrial affairs. In February 1991, he was appointed executive Director of Societe Generale de Belgique. In July 1995, he became Chairman and Chief Executive Officer of Compagnie de Suez, and in June 1997 took up the position of Chairman of the Management Board of Suez Lyonnaise des Eaux and was subsequently appointed Suez's Chairman and Chief Executive Officer in 2001. From July 2008 until May 2016, he held the positions of Chairman and Chief Executive Officer of ENGIE (formerly GDF SUEZ). From 2016 to May 2018, he served as Chairman of the Board of Directors following the separation of the functions of Chairman and Chief Executive Officer.

Other offices currently held

In French unlisted companies:

- *Chairman:*
  French Agency for the Development of Al Ula (since 2018).

Other offices and positions held in other companies in the past five years

- *Chairman of the Board of Directors:*
  ENGIE (from 2016 to 2018),
  SUEZ (from 2008 to 2019).
- *Director:*
  SUEZ (from 2019 to 2020).
- *Chairman of the Supervisory Board:*
  Siemens AG (Germany) (from 2013 to 2018).
- *Director:*
  Saudi Electricity Company (Saudi Arabia)
  (from 2018 to 2020).

Date of birth: 10 March 1953
Nationality: Spanish
Year of first appointment: 2016
Term of office expires: 2024
Holds 1,629 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Juan Maria NIN GÉNOVA

Company Director
Independent Director
Member of the Risk Committee and of the Compensation Committee

Biography

Juan Maria Nin Génova is a graduate of the University of Deusto (Spain) and the London School of Economics and Political Sciences (United Kingdom). He is a lawyer and economist who began his career as a Programme Manager in the Spanish Ministry for Relations with the European Community. He later became General Manager of Santander Central Hispano from 1980 to 2002, before taking up the position of Deputy Advisor at Banco Sabadell until 2007. In June 2007, he was appointed Chief Executive Officer of La Caixa. In July 2011, he took up the positions of Deputy Chairman and Deputy Advisor of CaixaBank, which he held until 2014.

Other offices currently held

In non-French unlisted companies

- *Chairman of the Board of Directors:*
  Promociones Habitat (Spain) (since 2018),
  Itinere Infraestructuras (Spain) (since 2019)
  Mora Banc (Andorra) (since 2021),
  ITP AERO (Spain) (since November 2022).

Other offices and positions held in other companies in the past five years

- *Director:*
  DIA Group SA (Spain) (from 2015 to 2018),
  Grupo de Empresas Azvi SL (Spain)
  (from 2015 to 2019),
  Azora Gestion (Spain) (from 2018 to 2019),
  Azora Capital SL (Spain) (from 2014 to 2021).

Date of birth: 10 April 1969
Nationality: French
Year of first appointment: 2021
Term of office expires: 2025
Holds 1,000 shares
Professional address:
48, rue Albert Dhalenne
93400 Saint-Ouen-sur-Seine

Henri POUPART-LAFARGE

Chairman and Chief Executive Officer of Alstom
Independent Director
Member of the Nomination and Corporate Governance Committee

Biography

Henri Poupart-Lafarge is a graduate of France's *École polytechnique*, *École nationale des ponts et chaussées* and of Massachussetts Institute of Technology (MIT). He began his career in 1992 at the World Bank in Washington D.C. before moving to the French Ministry of the Economy and Finance in 1994. He joined Alstom in 1998 as Head of Investor Relations and was in charge of Management Control. In 2000, he was appointed Chief Financial Officer of Transmission and Distribution at Alstom, a position he held until 2004. He was Chief Financial Officer of Alstom Group from 2004 until 2010, and became President of Alstom Grid from 2010 to 2011. On 4 July 2011, he became Chairman of Alstom Transport, before being appointed Chairman and CEO. He has been Chairman and CEO of Alstom since 1 February 2016.

Other offices currently held

In French listed companies:

- *Chairman and Chief Executive Officer:*
  Alstom (since 2016).

Other offices and positions held in other companies in the past five years

- *Director:*
  Vallourec (France) (from 2014 to 2018),
  Transmashholding (Russia) (from 2012 to 2019).

Date of birth: 9 November 1985
Nationality: French
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Johan PRAUD

Logistics manager

Biography

Societe Generale employee since 2005.

Other offices currently held

None.

Other offices and positions held in other companies in the past five years

None.

Date of birth: 8 May 1977
Nationality: French/Bulgarian
Year of first appointment: 2017
Term of office expires: 2025
Holds 1,000 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Lubomira ROCHET

Partner at JAB Holding Company
Independent Director
Member of the Nomination and Corporate Governance Committee

Biography

Lubomira Rochet is a graduate of *École normale supérieure* and *SciencesPo* in France, and of the College of Europe in Bruges, Belgium. From 2003 to 2007, she was Head of Strategy at Sogeti (Capgemini). In 2008 she moved to Microsoft where she was Head of Innovation and Start-ups in France until 2010. She joined Valtech in 2010 and was appointed Chief Executive Officer in 2012. Lubomira Rochet was Chief Digital Officer and member of the Executive Committee of L'Oréal from 2014 until 2021.

Other offices currently held

In French unlisted companies:

- *Director:*
  Alan (since 2021).

In non-French listed companies:

- *Director:*
  Keurig Dr Pepper*, Krispy Kreme Doughnuts* (since 2021).

In non-French unlisted companies:

- *Director:*
  Bally*, Espresso House*, Gardyn*, NVA Petcare*, Panera*, Prêt A Manger*, The Branch Tech US* (formerly You & Mr Jones) (since 2021),
  Coty* (since January 2023),
  Independence Pet Group* (United States)(since February 2022),
  Pinnacle Pet Group* (United Kingdom) (since July 2022).

Other offices and positions held in other companies in the past five years

- *Director:*
  Founders Factory Ltd.** (United Kingdom) (from 2016 until 31 May 2021).

** JAB Holding Company Group.*
*** L'Oréal Group.*

Date of birth: 5 September 1958
Nationality: Dutch
Year of first appointment: 2013
Term of office expires: 2025
Holds 3,069 shares
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Alexandra SCHAAPVELD

Company Director
Independent Director
Member of the Audit and Internal Control Committee and of the Risk Committee

Biography

Alexandra Schaapveld holds a degree in Politics, Philosophy and Economics from the University of Oxford (UK) and has a Master in Development Economics from Erasmus University Rotterdam (Netherlands). She began her career with the ABN AMRO Group in the Netherlands, where she held various positions in the Investment Banking Division from 1984 to 2007. In particular, she was in charge of covering the bank's major corporate clients. In 2008, she moved to the Royal Bank of Scotland Group where she was appointed Head of Investment Banking for Western Europe.

Other offices currently held

In non-French listed companies:

- *Member of the Supervisory Board:*
  Bumi Armada Berhad (Malaysia) (since 2011).
- *Member of the Board of Directors:*
  3I PLC (UK) (since 2020).

Other offices and positions held in other companies in the past five years

- *Member of the Supervisory Board:*
  Vallourec SA (from 2010 to 2020),
  FMO (Netherlands) (from 2012 to 2020).

Date of birth: 10 July 1971
Nationality: French
Holds 3,309 shares
6,659 *via* Societe Generale Actionnariat (Fonds E)
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Sébastien WETTER

Banker managing Societe Generale's coverage of international financial institutions
Global Chief Operating Officer for the Financial Institutions coverage teams

Biography

Sébastien Wetter holds a Master degree in Fundamental Physics and graduated from the Lyons Business School (EM Lyon). He began his career at Societe Generale in 1997 in the Strategy and Marketing Division of Societe Generale's retail bank. Working in the Group's Organisation Consulting Department from 2002, he performed a range of roles in the Corporate & Investment Banking arm and helped roll out the Group-wide participatory Innovation programme. At the end of 2005, he joined the Commodities Market Department as Chief Operating Officer holding a global remit, before becoming Head of Business Development in 2008. From 2010 until 2014, he served as General Secretary in the Group's General Inspection and Audit Division. In 2014, he joined the Coverage Division of the Corporate & Investment Bank where he held a number of positions: Head of the Client Management Unit for major French and international clients, then in 2016, Global Chief Operating Officer for the Financial Institutions coverage teams. Since the beginning of 2020, he has been a banker managing Societe Generale's relationship with international fiinancial institutions.

Other offices currently held

None.

Other offices and positions held in other companies in the past five years

None.

Date of birth: 18 March 1955
Nationality: French
Year of first appointment: 2021
Term of office expires: 2023
Professional address:
Tours Societe Generale,
17, cours Valmy
CS 50318
92972 La Défense cedex

Jean-Bernard LÉVY (Non-voting Director)

Non-voting Director

Biography

Jean-Bernard Lévy is a graduate of France's *École polytechnique* and *Télécom Paris Tech*. From 1978 to 1986, he worked as an engineer at France Télécom. From 1986 to 1988, he was technical advisor to the Cabinet of Gérard Longuet, who was at the time Deputy Minister for the Postal and Telecommunications Service. In 1988, he joined Matra Marconi Space as Head of Telecommunication Satellites, a position he held until 1993. From 1993 to 1994, he was appointed Director of the Cabinet of Gérard Longuet, then French Minister for Industry, Postal and Telecommunications Service and Foreign Trade. He subsequently held the positions of Chairman and Chief Executive Officer of Matra Communication from 1995 to 1998. From 1998 to 2002, he served as Chief Executive Officer and later Managing Partner responsible for Corporate Finance at Oddo et Cie. He joined Vivendi in August 2002 as Chief Executive Officer. He chaired Vivendi's Management Board from 2005 to 2012. He was both Chairman and Chief Executive Officer of Thalès from December 2012 until November 2014. He held the positions of Chairman and Chief Executive Officer of EDF from November 2014 until November 2022.

Other offices currently held

In French listed companies:

- *Director:*
  Faurecia SA (since 2021).

In French unlisted companies:

- *Chairman:*
  JBL Consulting & Investment (since January 2023).
- *Director:*
  Tehtris (since January 2023).

Other offices and positions held in other companies in the past five years

- *Chairman of the Board of Directors:*
  Edison S.p.A* (Italy) (from 2014 to 2019).
- *Chairman and Chief Executive Officer:*
  EDF* (from 2014 to November 2022).
- *Chairman of the Supervisory Board:*
  Framatome* (from 2018 to November 2022).
- *Director:*
  Dalkia* (from 2014 to November 2022),
  EDF Renouvelables* (from 2015 to November 2022),
  Edison S.p.A* (Italy) (from 2019 to November 2022),
  EDF Energy Holdings* (United Kingdom)
  (from 2017 to November 2022).

**EDF Group.*

The Chairman of the Board of Directors

ROLE OF CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors appointed Lorenzo Bini Smaghi as Chairman of the Board of Directors following the separation on 19 May 2015 of the offices of Chairman of the Board of Directors and Chief Executive Officer. Following the Joint General Meeting of 17 May 2022 when Lorenzo Bini Smaghi's appointment as Director was renewed, the Board of Directors unanimously voted to reappoint him as Chairman of the Board of Directors.

The duties of the Chairman are set out in Article 9 of the Internal Rules.

EXTRACT OF ARTICLE 9 OF THE INTERNAL RULES

9.1 The Chairman convenes and chairs the Board of Directors meetings. He/she sets the timetable and agenda of the meetings. He/she organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He/she chairs the General Meetings of shareholders.

9.2 The Chairman ensures the proper functioning of the Company's bodies and the implementation of the best corporate governance practices, in particular as regards the Committees set up within the Board of Directors, which he/she may attend without the right to vote. He/she may submit questions for the consideration of these Committees.

9.3 He/she receives all information relevant to his/her missions. He/she is regularly informed by the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, of significant events relating to the life of the Group. He/she may request the disclosure of any information or document that may inform the Board of Directors. For the same purpose, he/she may hear the Statutory Auditors and, after having informed the Chief Executive Officer, any Group senior manager.

9.4 He/she may ask the Chief Executive Officer or any manager, and in particular the heads of the control functions, for any information likely to inform the Board of Directors and its Committees in the performance of their mission.

9.5 He/she may hear the Statutory Auditors with a view to preparing the work of the Board of Directors.

9.6 He/she ensures that the Directors are in a position to fulfil their missions and ensures that they are properly informed.

9.7 He/she is the only person authorised to speak on behalf of the Board of Directors, except in exceptional circumstances or with a specific mandate entrusted to another Director.

9.8 He/she devotes his/her best efforts to promote in all circumstances the values and the image of the Company. In consultation with General Management, he/she may represent the Group in its high-level relations, in particular with major clients, regulators, major shareholders and public authorities, both domestically and internationally.

9.9 He/she has the material resources necessary for the performance of his/her missions.

9.10 The Chairman has no executive responsibilities, these responsibilities being exercised by General Management, which proposes and applies the Company's strategy, within the limits defined by law and in compliance with the corporate governance rules and directions set by the Board of Directors.

DISTINCTION BETWEEN THE ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chairman is asked to perform specific, limited assignments which are unlikely to encroach on the Chief Executive Officer's powers under law. To this end, the Chairman and the Chief Executive Officer consult each other pursuant to Article 9.8 of the Internal Rules.

REPORT ON THE ACTIVITIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2022

In 2022, the Chairman of the Board devoted at least three days a week to Group business. He chaired all Board meetings and executive sessions. He also attended nearly every Committee meeting. Alongside the Chairman of the Nomination and Corporate Governance Committee, he oversaw collective and individual assessments of Board members. He met Directors individually, in particular with regard to individual appraisals of Directors. In conjunction with the Chairman of the Nomination and Corporate Governance Committee, he oversaw procedures to recruit new Directors and, in particular, to recruit the future Chief Executive Officer. The Chairman held several meetings with the ECB. He also took part in keynote speeches on finance and the macro-economy in Europe and the United States. The Chairman also gave media interviews on several occasions and met with clients, investors and shareholders. In order to prepare for the General Meeting, he organised meetings with the main shareholders and proxies. Last, the Chairman participated in a roadshow to showcase the Group's governance system to investors. Given the current circumstances, he performs a substantial part of his work using videoconference facilities.

The Board of Directors' expertise

The Internal Rules of Societe Generale's Board of Directors define its organisation and operating procedures. The rules were amended on 2 August 2022.

The Board of Directors deliberates on any matter falling within its legal and regulatory powers and must devote sufficient time to performing its tasks.

The Board of Directors has the power to act in the areas mentioned in Article 1.2 of the Internal Rules (see below) which provides a non-exhaustive guide to the Board of Directors' brief:

ARTICLE 1.2 OF THE INTERNAL RULES

a) directions for the Group's activity

The Board of Directors determines the directions of the Group's activity, ensures their implementation by General Management and reviews them at least once a year; these directions incorporate the values and the Code of Conduct of the Group, which it approves, as well as the main thrusts of the policy adopted with respect to social and environmental responsibility, human resources, information systems and organisation.

b) strategic operations

- approves the plans for strategic operations, in particular acquisitions or disposals, that may have a significant impact on the Group's earnings, its balance sheet structure or its risk profile.

This prior approval process concerns:

  - organic growth transactions of a unit amount higher than EUR 250 million and not already approved as part of the annual budget or the strategic plan,
  - external growth transactions of a unit amount higher than EUR 500 million or higher than EUR 250 million if these transactions fall outside the development priorities approved in the strategic plan,
  - disposal transactions of a unit amount higher than EUR 250 million,
  - partnership transactions with a compensation (*soulte*) of an amount higher than EUR 250 million,
  - transactions substantially degrading the Group's risk profile.

The Chairman shall assess, on a case-by-case basis, the appropriateness of a referral to the Board of Directors to deliberate on a transaction that does not fall under the aforementioned circumstances.

During each Board of Directors' meeting, an update is made on the transactions concluded since the previous meeting, as well as on the main projects in progress and likely to be concluded before the next Board of Directors' meeting.

c) risk management and control

The Board of Directors:

- approves the overall strategy and the appetite for risks of any kind[(1)] and controls the implementation, including outsourced activities. To this end, it:
  - approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which the Group is or could be exposed,
  - ensures, in particular, the adequacy and effectiveness of the risk management systems,
  - approves, each year, the Group Risk Appetite Statement and the Group Risk Appetite Framework. It approves the overall risk limits,
  - approves the result of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP),
  - ensures the effectiveness of the corrective measures taken in the event of a failure and implements a specific process organising its information and, where applicable, its referral if risk limits are exceeded or in case of non-compliance with the action plans implemented in accordance with the rules described in the Group Risk Appetite Statement and the Group Risk Appetite Framework;
- approves the business continuity and operational resilience plans;
- adopts the preventive recovery plan communicated to the European Central Bank (ECB) and deliberates on any similar plan requested by another supervisory authority;
- draws up the elements necessary for the establishment of the resolution plan communicated to the competent supervisory authorities;
- determines the orientations and controls the implementation by the Effective Senior Managers[(2)] of the oversight systems in order to ensure effective and prudent management of the institution, in particular the separation of functions within the organisation of the Company and the prevention of conflicts of interest;
- has all relevant information on developments in risks of any kind incurred by the Company, including in relation to anti-money laundering and terrorist financing. To do so, it determines, where applicable, with the assistance of its Committees, the volume, form and frequency of the information submitted to it;

(1) The typology of risks is mentioned in the Group Risk Appetite Statement.

(2) The legal classification of "Effective Senior Managers" only falls within the scope of the banking regulations under the remit of the ECB and the ACPR. For Societe Generale, at the date of the last amendment of the Internal Rules, this means the Chief Executive Officer and the Deputy Chief Executive Officers.

- examines at least twice a year the activity and the results of internal control, in particular compliance control based on the information sent to it for this purpose by the Effective Senior Managers and the Heads of the second-level control and audit functions;
- approves the audit plan, as well as its amendments, after having heard a presentation by the Head of inspection and Audit and the recommendations of the Audit and Internal Control Committee;
- is the recipient of the annual report on internal control and debates it;
- concerning anti-money laundering and terrorist financing (AML-FT), it:
  - regularly reviews the policy, risk classification, systems and procedures, and their effectiveness,
  - is informed, at least once a year, of the activity and results of the internal controls in terms of AML-FT, incidents and shortcomings, as well as the corrective measures taken,
  - approves the annual report on the internal control of AML-FT systems;
- ensures the implementation of a system to prevent and detect corruption and influence peddling. It receives all of the necessary information for this purpose;
- approves the IT strategy;
- approves the information system security policy, including cybersecurity;
- approves outsourcing policies;
- approves the Group's investment services policy;
- examines, as necessary, the Group's draft responses to follow-up letters from supervisors;
- is informed of the system put in place concerning "whistleblowers" and developments in the system;
- examines, in accordance with regulations and the Group Risk Appetite Framework and the Group Risk Appetite Statement, compliance incidents and the corresponding action plans;
- approves the annual statement on modern slavery and human trafficking, reiterating key actions taken to prevent them, a statement established under the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018;
- carries out controls and verifications that it deems appropriate based on the Group's internal audit or by drawing on external consultants.

d) financial statements, financial communication and financial projections

The Board of Directors, after having heard the Statutory Auditors as necessary:

- closes and ensures the truth and accuracy of the annual and consolidated annual accounts and the quality of the information provided to the shareholders and the market;
- approves the Management Report, including the Non-Financial Performance Statement and the due diligence plan;
- controls the publication and communication process, the quality and reliability of the financial and non-financial information to be published and communicated by the Company;
- approves the budget and the financial trajectory.

e) governance

The Board of Directors:

- appoints the Chairman;
- where applicable, a "lead" Director;
- appoints the Chief Executive Officer and, at the latter's proposal, the Deputy Chief Executive Officer(s);
- appoints the Effective Senior Managers;
- sets any limitations on the powers of the Chief Executive Officer and, on the proposal of the latter, the Deputy Chief Executive Officer(s);
- establishes once a year the succession plan for Executive Officers *(dirigeants mandataires sociaux)*;
- reviews the Group's internal governance system, ensuring a clear organisation with well-defined responsibilities that respect the independence of the control functions, and to this end becomes aware of the Group's legal, organisational and operational structure and ensures its compatibility with the Group's strategy; it periodically evaluates its effectiveness;
- deliberates on changes to the Group's management structures prior to their implementation and is informed of the main changes to its organisation;
- ensures that Executive Officers implement a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in the Group's management bodies;
- ensures the existence of a selection and appointment procedure for holders of key functions and is informed of the appointment of the Heads of Business Units or Service Units. Their succession plan is communicated to it;

- deliberates at least once a year on its operation and that of its Committees, on the skills, aptitudes and availability of its members and on the conclusions of their periodic assessment;
- regularly reviews the Internal Rules of the Board of Directors;
- prepares the corporate governance report presented to the General Meeting;

f) relations with control functions

- ensures compliance with its obligations with respect to internal control, including compliance with banking and financial regulations on internal control and, in particular, reviews the activity and results of internal control at least twice a year;
- at least once a year, devotes an item on its agenda to each of the internal control functions (risk, compliance, audit) and hears their head;
- If necessary, in the event of changes in the risks affecting or likely to affect the Company, the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit may each report directly to the Board of Directors, without referring to the Effective Senior Managers;
- gives its opinion prior to the appointment of the Head of inspection and Audit, the Chief Risk Officer and the Head of Compliance;
- gives its opinion prior to the dismissal of the Head of inspection and Audit, the Chief Risk Officer and the Head of Compliance;
- gives its consent prior to the dismissal of the Chief Risk Officer;
- validates the Audit Charter;
- ensures the existence of standards documentation applicable within the Group and regularly updated.

g) compensation of corporate officers *(mandataires sociaux)* and wage policy

The Board of Directors:

- distributes the overall amount of the Directors' compensation in accordance with article 18 of the Internal Rules;
- determines, without prejudice to the powers of the General Meeting, the compensation of the Executive Officers, in particular their fixed and variable compensation, including benefits in kind, awards of performance shares or any compensation instrument, as well as post-employment benefits;
- regularly draws up and reviews the principles of the compensation policy applicable in the Group, in particular with regard to:
  - **a.** the categories of personnel whose activities have a significant impact on the Group's risk profile and ensures that the internal control systems make it possible to verify that these principles comply with the regulations and professional standards and are aligned with the risk control objectives, as well as
  - **b.** employees who, in view of their overall income, are in the same compensation bracket as those whose professional activities have an impact on the Group's risk profile;
- validates each year, after consulting the Compensation Committee, the compensation of the heads of internal control functions (Head of inspection and Audit, Chief Risk Officer and Head of Compliance);
- deliberates once a year on the Company's policy regarding professional and wage equality between men and women;
- carries out the award of free performance shares, determines the identity of the beneficiaries and the number of shares awarded to each of them, and sets the conditions and criteria for the award of said shares;
- draws up, where applicable, the principle and terms of a capital increase reserved for members of one of the company savings plans within the Group.

Functioning of the Board of Directors

The Internal Rules govern the functioning of the Board of Directors; see Article 11 of the Internal Rules, page 652. A meeting of the Board of Directors is convened by the Chairman, by letter, fax, email or any other means, or at the request of one-third of the Directors. It meets at least eight times a year, notably to close the annual and consolidated financial statements.

Each Director receives the information required to carry out their duties and in particular to prepare each Board meeting. The Directors are also given useful information, including critical information, on significant events for the Company. Each Director attends training sessions to enable them to perform their duties.

The Board of Directors' work

In 2022, the Board held 18 meetings, compared with 15 in 2022, the average length of which was three hours. The average attendance rate of Directors per meeting was 97%, compared with 96% in 2021. In addition to these meetings, the Board of Directors also held several conference calls to discuss matters of concern.

Five executive sessions held in the absence of Chief Executive Officers also took place, the purpose of which was to assess the General Management team's performance, succession plans, in particular the Chief Executive Officer's successor, the Company's organisation, compensation of chief executives and the strategic focus.

The Board of Directors reviewed the Group's strategy and its main businesses, and examined the competitive landscape during a strategic seminar organised in September and at two Board of Directors' meetings.

Further to the work already carried out, the Board of Directors devoted several agenda items to the merger of the Societe Generale and Crédit du Nord networks, the tie-up between ALD and LeasePlan that was announced to the market on 6 January 2022, Boursorama's strategy and the Alliance Bernstein joint venture transaction. The Board of Directors also assessed the situation in Russia on several occasions before deciding to divest the Group's Russian activities.

As is the case every year, the Board of Directors closed the annual, interim and quarterly financial statements, and examined the budget.

During 2022, the Board of Directors continued to monitor the Group's liquidity profile and its capital trajectory in light of regulatory requirements.

It devoted time to several follow-up points on ECB recommendations, particularly in respect of the SREP. It also performed an exhaustive review of its Internal Rules.

BOARD OF DIRECTORS AND CSR

At its meeting on 12 January 2023, the Board of Directors re-examined the way in which it is organised to handle CSR-relating topics.

Corporate Social Responsibility (CSR), particularly as it relates to climate, it decided at full Board level on the basis of a proposition from General Management which is reviewed by the non-voting Director. The proposition is previously reviewed by the Risk Committee dealing with risk aspects, the Compensation Committee dealing with compensation aspects pertaining to the Chief Executive Officers and the Nomination and Corporate Governance Committee on governance questions (including internal governance of the Group).

The Risk Committee monitors CSR-related risks on a quarterly basis and also reviews the results of all climate stress tests.

The Audit and Internal Control Committee reviews all financial and extra-financial communication documentation relating to CSR, *i.e.,* duty of care, extra-financial performance) before they are submitted to the Board of Directors for approval.

The Compensation Committee submits to the Board of Directors the selected CSR criteria for the remuneration of corporate officers.

The Nomination and Corporate Government Committee prepares the Board of Directors' deliberations on its optimum organisation to deal with CSR-related issues, as was the case for its meeting of 12 January 2023. Using the Directors' skills matrix, it examines the Board's skills matrix every year (see page 76) focusing on the Board of Directors' skills requirements, including how they apply to various CSR-related issues. It draws the necessary conclusions on the recruitment processes in place and the training on offer. In 2022, training was organised for every Director.

Each of the topics covered by the Committees is subsequently discussed by the Board of Directors at their meetings.

In addition to his role of defining strategy, the non-voting Director assists all the Board's committees when they deliberate over CSR-related issues. On that score, at its meeting on 12 January 2023, the Board of Directors endorsed the principle of extending its remit to cover CSR as a whole and not only the energy transition.

In addition, the Board of Directors' Internal Rules provide for files submitted to the Board to contain ESG-related information that must considered where necessary.

As was the case in 2022, the Board of Directors will submit its CSR strategy and implementation in an item on the agenda at the General Assembly of shareholders of 23 May 2023.

Last, as part of its brief relative to investors, the Chairman will present the major planks of the CSR policy, in addition to the key points of Group governance, and will discuss them with investors.

The Board of Directors continues to reinforce its compliance programme and to ensure that respect for rules and integrity are the cornerstones of the Group's corporate culture following the permanent dismissal in 2021 of two legal proceedings brought by the US Department of Justice ("DOJ"). One related to Societe Generale's IBOR submissions and certain transactions involving Libyan counterparties, and the other involved US economic sanctions compliance.

The Board of Directors at its meeting of 14 December 2022 ensured that the diversity targets they had laid down for governance bodies at the Board meeting of 4 November 2020 were being implemented. This diversity policy is described in Chapter 3.1.5, "Diversity Policy within Societe Generale".

The Board addressed the following main topics in 2022:

Corporate and social responsibility (CSR) strategy Climate risks	Budget and financial trajectory	Russia
Duty of Care plan	SREP	Transformation of the France networks (BDDF, Crédit du Nord)
Information systems and IT security, particularly cybersecurity	ICAAP/ILAAP	ALD/LeasePlan
Innovation	Resolution and recovery plans	Boursorama
Human Resources	Universal Registration Document and Extra-Financial Performance Statement	Alliance Bernstein
Assessment of the Group-wide Culture & Conduct programme	Modern Slavery Act passed in the UK and Australia	GLBA
Compliance	General Meeting	Africa
Remediation plans, in particular anti-corruption initiatives, sanctions and embargoes	Resilience plan Outsourcing policy	Customer satisfaction
Risk appetite	Audit plan	BRD

The Board of Directors was informed of regulatory changes and their consequences for the Group's organisation and its business. The Board of Directors regularly reviewed the Group's risk status. It approved the Group's risk appetite. It approved the ICAAP and the ILAAP, as well as the Group's overall market risk limits. Also reviewed were the Annual Reports on internal control communicated to the French Prudential Supervisory and Resolution Authority (ACPR), as well as the responses to follow-up letters following ACPR and ECB inspections.

It also assessed the performances of the Chief and Deputy Chief Executive Officers and determined their compensation, as well as that of the Chairman. It established performance share plans.

The members also discussed the policy in place with respect to gender equality in the workplace and equal pay.

Last, the Board decided on the allocation of compensation to Directors (see page 146) and the non-voting Director.

The Board of Directors prepared and approved the resolutions to be submitted to the Annual General Meeting and, in particular, those relating to the reappointment of Directors whose terms are due to expire.

Each year, the Board of Directors reviews its own functioning process by way of an assessment. The assessment is carried out every three years by an external consulting firm and, for the other years, is based on interviews and surveys conducted by the Nomination and Corporate Governance Committee. This year the assessment was carried out by an external firm, as was the case in 2019. The conclusions of the 2022 review are set out in the assessment section of this report (see page 104).

Similarly, and as is the case every year, the Board of Directors discussed the succession plans for General Management. These succession plans distinguish between successions occurring at the end of the terms of office and unexpected successions, and are prepared by the Nomination and Corporate Governance Committee.

Meeting on 7 February 2023, the Board of Directors approved the propositions presented by the Compensation Committee regarding the Chief Executive Officers' quantitative and qualitative targets. Overall, the general principles governing the global compensation structure have not changed (see Chapter 3.1.6).

In 2022, the working method employed by the Board in 2020 was improved by systematically calling on one of the Directors to table strategic or cross-business discussions after a presentation from General Management, where necessary. This process enhanced the substantive nature of the work performed and gives added weight to each individual Director's involvement. Since 18 May 2021 the Board of Directors has also had the benefit of Jean-Bernard Lévy's insight in his capacity as non-voting Director appointed for a two-year term. One of his tasks is to assist the Board of Directors in relation to its energy transition remit.

The Board of Directors observed that no new agreement had been signed during the year ended 31 December 2022, directly or by any other intermediary, between any of the corporate officers or any of the shareholders holding a fraction of voting rights exceeding 10% of a company, or another company controlled by the former in accordance with Article L. 233-3 of the French Commercial Code. Excluded from this assessment were agreements on ordinary operations and concluded under normal conditions.

The Board of Directors' Committees

The Board of Directors was assisted by four committees in 2022:

- the Audit and Internal Control Committee;
- the Risk Committee (and its corollary, the US Risk Committee);
- the Compensation Committee;
- the Nomination and Corporate Governance Committee.

If required, the Board of Directors may also create one or more *ad hoc* Committees in addition to these four Committees.

AUDIT AND INTERNAL CONTROL COMMITTEE

5
Number of Directors

100%
Proportion of independent Directors

80%
Representation by women

10
Number of meetings in 2022

100%
Average attendance in 2022

RISK COMMITTEE

6
Number of Directors

100%
Proportion of independent Directors

67 %
Representation by women

10
Number of meetings in 2022

100%
Average attendance in 2022

COMPENSATION COMMITTEE

4
Number of Directors

75%
Proportion of independent Directors(1)

25%
Representation by women

8
Number of meetings in 2022

97 %
Average attendance in 2022

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

4
Number of Directors

100%
Proportion of independent Directors

25%
Representation by women

11
Number of meetings in 2022

89%
Average attendance in 2022

(1) Calculation excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.

Each Committee comprises at least four members. None of the Directors is a member of more than two Committees. Each Committee comprises at least one member of either sex.

One Director representing the employees sits on the Compensation Committee. One Director sits on both the Risk Committee and the Compensation Committee.

Since 2018, the Risk Committee has been extended to include the members of the Audit and Internal Control Committee when it sits as the US Risk Committee. The following Directors sit on the Risk Committee: William Connelly (Chairman), Diane Côté, Kyra Hazou, Annette Messemer, Alexandra Schaapveld, Jérôme Contamine and Juan Maria Nin Génova.

The Chairpersons of the Risk Committee and the Audit and Internal Control Committee meet with the ECB and the US Federal Reserve at least once a year to provide an overview of the Committees' activities.

The US Risk Committee met in New York in December 2021 and again in January 2023.

The duties of the Board of Directors' four Committees are set out in the corresponding charters which comprise the appendices of the Internal Rules (see Chapter 7).

AUDIT AND INTERNAL CONTROL COMMITTEE

At 1 January 2023, the Audit and Internal Control Committee comprised five independent Directors: Diane Côté, Kyra Hazou, Annette Messemer, Alexandra Schaapveld and Jérôme Contamine. The Committee is chaired by Alexandra Schaapveld.

All members hold or have held positions as bankers, or have been Chief Financial Officers, auditors or Chief Legal Officers in banks. Accordingly, they are highly qualified in the financial and accounting fields, and in evaluating the statutory audit of financial statements.

CHARTER OF THE AUDIT AND INTERNAL CONTROL COMMITTEE

Article 1: Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

The subjects that may be addressed jointly by the Audit and Internal Control Committee and the Risk Committee are indicated by an asterisk (*) in each of the charters.

Article 2: Role

Without prejudice to the detailed list of missions referred to in article 5, the Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting, financial and non-financial information, as well as the monitoring of the effectiveness of internal control, measurement, monitoring and risk control systems. It conducts the procedure for selecting the Statutory Auditors. It approves the services provided by the Statutory Auditors other than the certification of the financial statements.

Article 3: Composition

The Audit and Internal Control Committee is comprised of at least four Directors, appointed by the Board of Directors, who have appropriate financial, accounting, statutory audit or non-financial expertise. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

The heads of the control functions (risk, compliance, audit), the CFO and the Secretary General are present at all meetings, unless otherwise decided by the Chairman of the Committee.

The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise. They may also be consulted outside meetings and without the presence of Executive Officers and any employee of the Company.

When the Committee reviews the financial statements, this is preceded by a meeting with the Statutory Auditors, without the presence of the Executive Officers and any employee of the Company.

The Executive Officer in charge of supervising internal control is present at the Committee's Meetings when it examines the report on internal control.

The Executive Officers may also, from time to time, assist the work of the Committee at its request.

Article 4: Meetings

The Audit and Internal Control Committee meets as often as required by the corporate interest and at least four times per year.

Article 5: Missions

In particular, it is responsible for:

a) ensuring the monitoring of the process for the production of financial and non-financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process; where appropriate, it makes recommendations to ensure their integrity;

b) analysing the draft accounts to be submitted to the Board of Directors in order to, in particular, verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up annual accounts and consolidated annual accounts; it examines the scope of the consolidated companies and, where applicable, the reasons why companies would not be included therein; it also examines the implementation procedures adopted for the application of the main accounting standards applicable to the Group, particularly with regard to the provisioning rules*;

c) submitting to the Board of Directors its opinion on these financial statements and the corresponding financial communication, after having heard the opinion of the Statutory Auditors;

d) reporting regularly to the Board of Directors on the results of the audit of the accounts, the manner in which this mission has contributed to the integrity of the financial and non-financial information and the role it has played in this process. It informs the Board of Directors without delay of any difficulty encountered;

e) conducting the procedure for selecting the Statutory Auditors and issuing a recommendation to the Board of Directors, developed in accordance with the provisions of article 16 of the regulation (EU) no. 537/2014 dated 16 April 2014, concerning their appointment or renewal as well as their compensation;

f) ensuring the independence of the Statutory Auditors in accordance with the regulations in force;

g) approving, in accordance with article L. 823-19 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of accounts referred to in article L. 822-11-2 of said Code after analysing the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;

h) reviewing the work programme of the Statutory Auditors and, more generally, monitoring the control of the accounts by the Statutory Auditors in accordance with the regulations in force;

i) ensuring the monitoring of the effectiveness of internal control and audit systems, in particular with regard to procedures for the preparation and processing of accounting, financial and non-financial information. To this end, the Committee is responsible primarily for:

- reviewing the Group's permanent control quarterly dashboard,
- reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
- reviewing the Group's annual and multi-year periodic monitoring programmes, as well as their amendments, prior to their approval by the Board of Directors,
- monitoring the implementation of the audit plan for the year and is systematically informed in the event of a delay or postponement of the missions,
- giving its opinion on the organisation and functioning of the Internal Control Departments*,
- reviewing the follow-up letters from the banking and markets supervisors and issuing an opinion on draft replies to these letters*;

j) familiarising itself with the reports prepared to comply with regulations on internal control and in particular the audit reports;

k) concerning anti-money laundering and financing of terrorism (AML-FT), it prepares the discussions of the Board of Directors when it:

- reviews the policy, mechanisms and procedures, and their effectiveness*,
- is informed, at least once a year, of the activity and results of the internal controls in terms of AML-FT, incidents and shortcomings, as well as the corrective measures taken,
- approves the annual report on the internal control of AML-FT systems;

l) examining the system put in place concerning "whistleblowers" and developments in the system;

m) examining compliance incidents, as well as the corresponding action plans;

n) examining the system put in place to prevent and detect corruption and influence peddling. It receives all of the necessary information for this purpose;

o) giving its opinion to the Board of Directors prior to the appointment and dismissal of the Head of inspection and Audit and the Head of Compliance.

The Audit and Internal Control Committee or its Chairman hears the Directors in charge of the internal control functions (risk, compliance, audit), as well as the Chief Financial Officer, possibly at their request and, where necessary, the managers responsible for the preparation of accounts, internal control, risk control, compliance control and periodic control; each quarter, prior to the session examining the report of the Head of the Inspection and Audit, the Committee hears him in a meeting without the presence of any other senior manager.

The Audit and Internal Control Committee sends its opinion to General Management on the objectives and assessment of the heads of risk control, compliance control and periodic control.

The Audit and Internal Control Committee provides an annual update on matters related to:

- customer protection;
- market integrity:
- the implementation of the obligations arising from the GDPR (General Data Protection Regulation);
- the Group's tax policy and management*.

The Audit Committee monitors sales and acquisitions annually. It receives a *post-mortem* appraisal of the most significant transactions.

At each meeting of the Board of Directors subsequent to the holding of an Audit Committee meeting, the Chairman of the Committee produces a detailed report reiterating the subjects examined, the issues discussed, and the recommendations made with the decisions of the Board of Directors in mind.

Activity Report of the Audit and Internal Control Committee for 2022

The Committee met ten times in 2022, as was the case in 2021. The attendance rate was 100%, identical to 2021.

The Committee reviewed the draft annual, interim and quarterly consolidated accounts prior to their presentation to the Board and submitted its opinion on them to the Board. It approved the corresponding financial communication. The Committee also reviewed the Extra-Financial Performance Statement (EFPS) and the Duty of Care plan.

At each account closing period, the Committee interviewed the Statutory Auditors in the absence of management before attending a presentation of the accounts by the Finance Division. Early in the year, the Statutory Auditors gave a detailed presentation of Key Audit Matters. One of the corporate officers attended the meetings dedicated to each account closing and discussed the quarter's significant events with the Committee.

The heads of the internal control functions (audit, risk, compliance) and the Chief Financial Officer report to the Committee at each meeting. The Committee reviewed the Annual Report on internal control.

It devoted several agenda items to internal control issues and to monitoring remediation plans following inspections by supervisors, including the US Federal Reserve, the Financial Conduct Authority, the European Central Bank and the French banking and insurance sector supervisor (ACPR). The Committee conducted a quarterly review of work dedicated to bringing permanent control to the required level and regularly assessed the work performed by the General Inspection and Audit Department. It was briefed on significant compliance-related incidents. It holds quarterly meetings with the Head of the Inspection and Audit Division in the absence of management.

Committee members took part in work performed by the US Risk Committee, which serves as a Risk Committee and oversees audits of US-based businesses.

It reviewed the work schedule for the General Inspection and Audit Department, and followed up procedures on audit recommendations.

It examined the Group's draft replies to follow-up letters from the ACPR, as well as the replies to the ECB.

The Committee dealt with the following issues throughout the year:

- review of disposals and acquisitions carried out in 2022;
- review of GDPR risks;
- ESEF reporting;
- registration of Societe Generale as a Securities-Based Swap Dealer with the SEC;
- control of outsourced activities;
- overview of services provided by Statutory Auditors and the certification of financial statements;
- review of 2022 fees and of the 2023 budget provided by the joint Statutory Auditors;
- Universal Registration Document;
- governance and internal control of anti-money laundering/countering the financing of terrorism (AML-CFT);
- MARK (Global Markets) controls;
- presentation of the results of the Internal Control Certification (I2C) process;
- presentation of the company and consolidated reports on the Group's financial security system;
- market integrity (separation of proprietary banking activities, US and European regulations on derivatives, market abuse, indices and benchmarks, best execution and transactions by staff;
- customer protection (mediator's report/handling of complaints).

The Committee travelled to New York and met the heads of control functions and the heads of the various business lines.

It discussed the audit programme and the budget for Statutory Auditors' fees for 2023.

Last, the Committee reviewed the Board's Internal Rules on its relevant topics and in particular:

- the approval of common considerations it shares with the Risk Committee;
- clarification on its involvement in procedures dealing with the nomination, termination, assessment and compensation of control functions.

RISK COMMITTEE

At 1 January 2023, the Risk Committee comprised six independent Directors: Diane Côté, Kyra Hazou, Annette Messemer, Alexandra Schaapveld, William Connelly and Juan Maria Nin Génova. The Committee is chaired by William Connelly.

All members hold or have held positions as bankers, or have been Chief Financial Officers, auditors or Chief Legal Officers in banks. Accordingly, they are highly qualified in the financial and accounting fields, and in risk evaluation.

CHARTER OF THE RISK COMMITTEE

Article 1: Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules. The type of risks falling within the scope of the Committee's competence is that mentioned in the Group's Risk Appetite Statement.

The subjects that may be dealt with jointly by the Risk Committee and the Audit and Internal Control Committee are indicated by an asterisk (*) in each of the charters.

Article 2: Role

The Risk Committee prepares the Board of Directors' work on the Group's overall strategy and appetite for risks of all kinds[1], both current and future, [and assists it when the controls reveal difficulties in their implementation].

Article 3: Composition

The Risk Committee is composed of at least four Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

The heads of the control functions (risk, compliance, audit), the CFO and the Secretary General are present at all meetings, unless otherwise decided by the Chairman of the Committee.

The Executive Officer in charge of supervising the control functions is present at the Committee's Meetings when it examines the assessment of these functions. He/she may also participate from time to time in the Committee's work at its request.

The Statutory Auditors are invited to the meetings of the Risk Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

(1) The typology of risks is mentioned in the Group Risk Appetite Statement.

Article 4: Meetings

The Risk Committee meets as often as required by the corporate interest and at least four times per year.

Article 5: Missions

In particular, it is responsible for:

a) assisting the Board of Directors in determining the overall strategy and risk appetite of all kinds. It assists the Board of Directors and prepares the discussions on the annual approval of the Group Risk Appetite Statement, as well as the Group Risk Appetite Framework. It is regularly informed of developments in the context of risks, in particular to enable it to inform the Board of Directors. It examines and prepares the discussions of the Board of Directors, which approves the risk limits and in particular market risk limits;

b) undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor risks of all kinds(1) and communicating its conclusions to the Board of Directors*;

c) reviewing the risk control procedures and is consulted for the setting of overall risk limits;

d) studying the results of the annual risk, compliance and audit function assessment exercises. At this time, it is informed of significant changes to the organisation of the control functions and, on an annual basis, to their budgets and resources. When assessing the audit function*, it draws on the information received from the Audit and Internal Control Committee;

e) expressing an opinion on the Group's overall policy and level of provisioning, as well as on specific provisions of a significant amount*;

f) reviewing the reports prepared to comply with the banking regulations on risks;

g) reviewing the policy concerning risk control and the monitoring of off-balance sheet commitments, especially in light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors*;

h) reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;

i) without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation with regard to the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;

j) reviewing the risks associated with the Group's implementation of the guidelines on social and environmental responsibility, including climate risks and indicators relating to Culture & Conduct;

k) reviewing the enterprise risk management related to the Company's operations in the United States in accordance with the requirements of the US Federal Reserve's Enhanced Prudential Standard Rules and supervisory guidelines. When acting as US Risk Committee, the Risk Committee operates under a dedicated charter, which forms part of and supplements this section. The Chairman of the Risk Committee reports the work adopted by the US Risk Committee to the Board of Directors, which validates it;

l) reviewing, at least every six months, the risks related to financial security, the anti-money laundering and financing of terrorism policy referred to in article L. 561-4-1 of the French Monetary and Financial Code, the systems and procedures put in place to comply with the provisions of II of article L. 561-36-1 of the same Code and the corrective measures necessary to remedy significant incidents and shortcomings in the fight against money laundering and terrorist financing and the freezing of assets and the prohibition of provision or use of funds or economic resources and to ensure their effectiveness*;

m) examining the documents and preparing the discussions and decisions of the Board of Directors on the ICAAP (internal capital adequacy assessment process) and the ILAAP (internal liquidity adequacy assessment process);

n) regularly reviewing risk dashboards of all kinds, including concerning reputation and compliance. It also examines the dashboards on operations. It receives all of the information provided for by the regulations or the Risk Appetite Framework on breaches of limits and corrective measures;

o) reviewing the follow-up of the recommendations of supervisors in its area of competence;

p) reviewing the business continuity and operational resilience plans;

q) reviewing the preventive recovery plan communicated to the ECB and deliberating on any similar plan requested by other authorities;

r) reviewing the elements necessary for the establishment of the resolution plan communicated to the competent supervisory authorities;

s) reviewing the risks related to the information system security policy, including cybersecurity, IT strategy and outsourced activities;

(1) The typology of risks falling within the scope of the Committee's remit can be found in the Universal Registration Document under the chapter dealing with risks.

t) reviewing significant incidents that may affect the institution with regard to the risks arising from the mapping and associated with reputation, compliance, operations and regulatory projects. In particular, it examines environmental risks or risks related to the implementation of ESG, the quality of data, in particular as provided for by the BCBS 239, and dispute management;

u) submitting to the Compensation Committee an opinion on the consideration of risks in the compensation system for regulated persons (market professionals and others);

v) regularly reviewing the important points from the new product committees;

w) giving its opinion prior to the appointment and dismissal of the Chief Risk Officer to the Board of Directors.

The Risk Committee or its Chairman hear the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers responsible for drawing up the accounts, internal control, risk control, compliance control and periodic control.

The Committee is kept informed by General Management of the appointment of the managers of the second-level internal control and periodic control functions.

Activity Report of the Risk Committee for 2022

The Risk Committee met ten times during 2022, as was the case in 2021. The members' attendance rate was 100%, compared with 98% in 2021.

At each meeting the Committee performed an in-depth review of the risks and their consequences from both the prudential and accounting perspectives.

At each meeting, the Chief Risk Officer reports to the Risk Committee on changes in the risk environment and on key events. The Committee reviews documents relating to risk appetite (the risk appetite statement and the risk appetite framework) and prepares ICAAP and ILAAP decisions. It regularly receives risk dashboards of all kinds, including reputation and conformity risks, as well as operational risks. It specifically reviewed the following topics:

- risk limits (including market risks);
- Group recovery plan;
- Group resolution plan;
- Group cost recovery mechanism;
- registration of Societe Generale as a Securities-Based Swap Dealer with the SEC;
- climate and environment-related risks;
- liquidity risk;
- interest rate risk;
- exchange rate risk;
- credit risk;
- market risk;
- operational risk;
- litigation risk;
- incorporation of risk into pricing of products and services;
- incorporation of risk into the compensation policy;
- new products;
- Brexit;
- cyber resilience;
- data quality;
- transformation of the France networks (BDDF, Crédit du Nord);
- correspondent banking within the Group;
- MARK (Global Markets);
- performance and assessment of the compliance, audit and risk (RISQ) functions.

In 2022, the Committee devoted several agenda items to the transformation of the France networks (BDDF, Crédit du Nord) and to climate- and environment-related risks. It was briefed on the main disputes, including tax disputes. It reviewed the Risk Department's organisation. It also conducted a review of the Compliance Department. Committee members examined risk areas specific to regulatory projects. They also prepared the Board's work on recovery and resolution plans. The Committee issued an opinion to the Compensation Committee on the risks involved in the compensation of regulated employees, namely market professionals and others.

The Committee travelled to New York in January 2023 and met the heads of the control functions and of various businesses.

The Committee held six meetings acting in its capacity as the US Risk Committee. It validated the Group's risk appetite with respect to US operations. It also performed other tasks required under US law such as the supervision of liquidity risk and the approval of risk strategies. It reviewed the remediation risk management plan requested by the US Federal Reserve. The Committee received training on business developments in the US and on regulatory changes impacting the US Risk Committee's activity. The US Risk Committee Charter is appended to the Board of Directors' Internal Rules (see page 669).

The Committee reviewed the Internal Rules on the topics jointly covered with the Audit and Internal Control Committee and its involvement in compensation policies.

COMPENSATION COMMITTEE

At 1 January 2023, the Compensation Committee comprised four Directors, including three independent Directors (Gérard Mestrallet, Jérôme Contamine and Juan Maria Nin Génova) and a Director representing employees (France Houssaye). The Committee is chaired by Jérôme Contamine, who is an independent Director.

Members possess the skills needed to assess compensation policies and practices, including those relating to the Group's risk management.

CHARTER OF THE COMPENSATION COMMITTEE

Article 1: Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

Article 2: Role

The Compensation Committee prepares the decisions of the Board of Directors concerning compensation, especially those related to the compensation of Executive Officers, as well as of persons that have an impact on the risk and the management of risks in the Company.

Article 3: Composition

It is comprised of at least four Directors and includes a Director elected by the employees. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Code(1). Its composition enables it to assess the compensation policies and practices with regard to the management of the Company's risks, equity and liquidity.

Article 4: Meetings

The Compensation Committee meets as often as required by the corporate interest and at least four times per year.

Article 5: Missions

It conducts an annual review of:

a) the principles of the Company's compensation policy;

b) the compensation, allowances and benefits of any kind granted to the Executive Officers, as well as the Effective Senior Managers, if they are different;

c) the compensation policy for regulated employees within the meaning of the banking regulations whose professional activities have a significant impact on the risk profile of the Company or the Group, as well as any employee who, in view of their overall income, is in the same compensation bracket.

It prepares the control by the Board of Directors of the compensation of the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit, following the opinion of the Audit and Internal Control Committee and the Risk Committee, each as far as it is concerned.

It receives all information necessary for its mission.

It examines the annual reports sent to the supervisory authorities.

It shall hear, as necessary, General Management, the heads of Business Units and Service Units and the heads of the control functions.

It may be assisted by the internal control services or by external experts.

In particular, the Committee:

a) proposes to the Board of Directors, in compliance with the regulations applicable to credit institutions, the principles given by the AFEP-MEDEF Corporate Governance Code and professional standards, the principles of the compensation policy for Executive Officers, and especially the criteria for determination, the structure and the amount of this compensation, including allowances and benefits in kind, insurance or retirement and compensation of any kind received from all Group companies; it ensures their application;

b) prepares the annual performance assessment of the Executive Officers;

c) proposes to the Board of Directors the policy on performance shares;

d) prepares the decisions of the Board of Directors concerning employee savings and employee share ownership.

(1) The AFEP-MEDEF Code does not take employees into account when calculating the percentage of independent Directors in the committees.

Activity Report of the Compensation Committee for 2022

The Compensation Committee met eight times during the year. The members' attendance rate was 97%, compared with 100% in 2021.

The Chief Executive Officer was involved in the Compensation Committee's work, except when he was directly concerned. The Chairman also took part in deliberations.

The Committee dealt with the following issues throughout the year:

- guidance on the compensation policy;
- compensation of corporate officers;
- gender equality in the workplace;
- compensation policy of GBIS (Global Banking & Investor Solutions);
- compensation policy applied to the regulated population;
- public report on the compensation policies and practices of regulated persons;
- impact of the introduction of the Capital Requirements Directive (CRDV);
- supplementary incentive payments;
- compliance with the compensation policy;
- quantitative and qualitative objectives for 2022 of the Chairman of the Board of Directors and of the Chief Executive Officers;
- compensation chapter of the present report on compensation policies;
- review of the compensation of the Group's Chief Risk Officer and Chief Compliance Officer;
- allocation of performance shares;
- monitoring of share ownership and holding obligations of Chairman of the Board of Directors and of the Chief Executive Officers.

It approved the General Meeting's resolutions concerning compensation.

The Committee analysed and reviewed the equity ratio and benchmarked corporate officers' compensation in relation to CAC 40 groups and a panel of eleven European banks with comparable characteristics to Societe Generale, *i.e.* Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Crédit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit.

The Committee prepared the file for the Board of Directors on the conditions of Frédéric Oudéa's exit package.

The Committee prepared the Chief Executive Officers' assessment reports. It submitted recommendations on the annual targets for the Chief and Deputy Chief Executive Officers.

In accordance with the CRDV Directive and its transposition into French law, the Compensation Committee ensured that the Group's compensation policies comply with regulations and that they are aligned with the Group's risk management strategy and shareholder equity targets.

The Committee reviewed the principles of the compensation policy applicable in the Group, in particular concerning employees whose activities have a significant impact on the Group's risk profile, in accordance with new regulations in force. It devoted several meetings to this issue and to ensuring that the structure submitted for regulated employees complies with the new rules in force. It notably ensured that the compensation policy effectively takes into account the risks generated by the businesses and that employees comply with risk management policies and professional standards. The Risk Committee issued an opinion on the matter. One of the members, Juan Maria Nin Génova, sits on both Committees. The Committee also relied on work performed by external and internal control bodies. The Chairman of the Risk Committee and the Heads of the Risk and Compliance Departments gave presentations to Committee members so they could fully appreciate the risk and compliance issues. Last, it reviewed the Annual Report on Compensation. The compensation policy is described in detail on pages 112 and following.

The Committee submitted the share allocation plans to the Board.

It also reviewed the non-voting Director's compensation.

Last, the Committee prepared the Board of Directors' work on workplace gender equality in the Company.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE.

At 1 January 2023, the Nomination and Corporate Governance Committee comprised four independent Directors:

Lubomira Rochet, William Connelly, Gérard Mestrallet and Henri Poupart-Lafarge. The Committee is chaired by Gérard Mestrallet.

Committee members possess the skills needed to assess policies and practices with respect to nominations and corporate governance.

CHARTER OF THE NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Article 1: Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

Article 2: Role

The Nomination and Corporate Governance Committee prepares the decisions of the Board of Directors regarding the selection of Directors, the appointment of Executive Officers, succession plans, the composition of management bodies and the proper functioning of the Board of Directors, in particular the application of the governance rules described in the Internal Rules.

Article 3: Composition

It is comprised of at least four Directors. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. The Chief Executive Officer is involved, as necessary, in the Committee's work.

Article 4: Meetings

The Nomination and Corporate Governance Committee meets as often as required by the corporate interest and at least four times per year.

Article 5: Missions

The Nomination and Corporate Governance Committee:

a) periodically reviews, and at least once a year the structure, size, composition and effectiveness of the Board of Directors' work with regard to the missions assigned to it and submits to the Board of Directors any recommendation relevant to conducting the annual assessment of the Board of Directors and its members. This assessment is prepared by the Committee, its Chairman reporting to the Board of Directors. Every three years, when the assessment is carried out by an external firm, the Committee makes any proposal for the selection of the firm and the smooth running of the assessment;

b) periodically reviews the Board of Directors' policies concerning the selection and appointment of the Executive Officers and makes recommendations in this area;

c) is responsible for making proposals to the Board of Directors for the appointment of Directors, non-voting Directors *(censeurs)* and Committee members. To this end, it prepares the selection criteria to be submitted to the Board of Directors, proposes to the Board of Directors an objective to be achieved concerning the balanced representation of women and men on the Board of Directors and develops a policy designed to achieve this objective(1);

d) in carrying out its missions, it seeks to comply with all of the conditions laid down by the EBA and the ECB as part of the "fit and proper" reviews;

e) prepares and reviews, each year, the succession plan for corporate officers, particularly in the event of an unforeseeable vacancy, after carrying out the useful studies;

f) ensures the existence of an appointment selection procedure for holders of key functions and is informed of the appointment of the Heads of Business Units or Service Units. Their succession plan is communicated to it and it reports on this plan to the Board of Directors;

g) gives its opinion to the Board of Directors on the appointment and dismissal of the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit, after notifying:

- the Risk Committee regarding the Chief Risk Officer, and
- the Audit and Internal Control Committee regarding the Head of inspection and Audit and the Head of Compliance;

h) prepares the review by the Board of Directors of corporate governance issues, as well as the Board of Directors' work on matters relating to Corporate culture. It proposes to the Board of Directors the presentation of the Board of Directors in the Universal Registration Document and in particular the list of independent Directors;

i) prepares the work of the Board of Directors relating to the governance of the subsidiaries in order to ensure compliance with the general principles applicable to the Group;

j) prepares the work of the Board of Directors in the event of a revision of the Company's By-laws or the Internal Rules of the Board of Directors;

k) It proposes to the Board of Directors the distribution of Directors' compensation.

Activity Report of the Nomination and Corporate Governance Committee for 2022

The Nomination and Corporate Governance Committee met 11 times in 2022. The members' attendance rate was 89%, compared with 97% in 2021.

The Chairman of the Board of Directors took part in every meeting in 2022. The Chief Executive Officer was also invited to attend some of the Committee meetings.

The Committee devoted most of its work to selecting the future Chief Executive Officer and the new Directors. It recruited two external consultancy firms to assist it with this task: one for the Chief Executive Officer and the other for the Directors. Regarding the selection of the Chief Executive Officer, the process involved several stages and the Committee consulted with the non-executive members, after which the name of one candidate was submitted to the Board of Directors. Each of the short-listed candidates was interviewed individually by the Committee members. As far as the recruitment of the new Directors was concerned, the Committee defined the profiles sought for each Director position using the skills matrix, it interviewed the short-listed candidates and recommended one of them to the Board. The selection process took place over several months during which the Board was briefed on a regular basis.

The Committee was briefed on work relating to the governance of subsidiaries.

It reviewed documentation on the follow-up of agreements concluded under normal conditions.

It examined the budget for Directors' compensation and recommended, as in 2022, that it remain unchanged despite the fact that an additional member had joined the Board of Directors in 2021.

The Committee discussed the organisation of General Management.

It ensured that procedures recommended by the European Central Bank on the appointment of the Chief Risk Officer and the Chief Compliance Officer were being complied with.

The Committee prepared the resolutions for the General Meeting. It examined the draft modifications the Board of Directors' Internal Rules. In light of the forthcoming replacement of Directors in 2023, it ensured that the Board's composition would remain balanced. As is the case each year, it ensured that the AFEP-MEDEF Code in relation to Director independence was being complied with. It decided to launch a request for proposals to recruit Directors in 2024.

It also reviewed the composition of the Committees.

(1) The objective and policy of the credit institutions, in addition to the implementation procedures, are made public in accordance with paragraph 2(c) of Article 435 of Regulation (EU) no. 575/2013 dated 26 June 2013.

When preparing the succession plans for General Management, the Nomination and Corporate Governance Committee relies on work carried out internally by the Chief Executive Officer and, where necessary, by external consultants. These succession plans distinguish between unexpected successions and successions prepared ahead over the medium and long term.

The Chairman of the Committee, liaising with the Chairman of the Board of Directors, managed the internal appraisal procedure (see below) which was implemented by an external consultancy firm.

The Chairman of the Committee, together with the Chairman of the Board of Directors, oversaw the assessment procedure of the Board (see below) that was implemented by an external consultant.

The Nomination and Corporate Governance Committee prepared the conditions of compensation awarded to Directors.

It prepared the Board of Directors' review of the present report on corporate governance.

It prepared the Board of Directors' decision on the Group's diversity targets within the governing bodies, which were approved by the Board of Directors (see 3.1.5 page 111 below).

The Non-voting Director

In 2022, the Board of Directors was assisted by a Non-voting Director whose role was to assist it in its energy transition remit.

REPORT OF THE NON-VOTING DIRECTOR

The Non-voting Director took an active role in 2022 in the Board of Directors' and the Risk Committee's deliberations regarding CSR and the energy transition. He helped prepare the meetings with the CEO. In January 2023, he gave a presentation to the Board, recapping his observations on climate transition, the progress made by the Bank in this respect and the Board of Directors' role.

Appraisal of the Board of Directors and its members

Each year, the Board of Directors devotes part of a meeting to discussing its functioning based on an appraisal performed by a specialised external consultant every three years. For the other years, the appraisal is based on interviews and surveys conducted by the Nomination and Corporate Governance Committee.

In both cases, the anonymous responses are summarised in a document that serves as a basis for the Board of Directors' discussions.

For 2023, the Committee decided to obtain an external appraisal from Leaders Trust, a consultancy firm. The appraisal focuses on the collective functioning of the Board, as well as on the individual performance of each Director. The appraisal is conducted on the basis of a questionnaire validated by the Nomination and Corporate Governance Committee. For individual appraisals, each Director is invited to give their opinion on the contribution of each of the other Committee members. The individual appraisal procedure also applies to the Chairman of the Board of Directors and the interaction between the Chairman and the Directors.

The appraisal procedure took place between June 2022 and January 2023.

Individual performances were not discussed by the Board of Directors. The Chairperson of the Nomination and Corporate Governance Committee informs each member of their appraisal results.

The results of the appraisal were very positive, namely:

- the participation of the Board in strategic analysis and its knowledge of business lines have improved;
- the Board of Directors' composition and governance were deemed to have improved and its work on finding a successor to the Chief Executive Officer and replacements for Directors were appreciated.

Areas for improvement were identified:

- regarding the need for more streamlined agendas following a year in which the Board of Directors and its committees met 57 times, excluding seminars and strategic meetings, non-executive meetings and US Risk Committee meetings;
- better balance in agenda themes is needed to devote more time to strategy, notably for CSR and Human Resources, and less time to purely regulatory issues.

Board members greatly appreciated their training sessions and seminars.

Certain themes could be dealt with in further depth:

- HR;
- cyber security;
- strategy follow-up;
- client satisfaction and commercial policy;

Members expect a more in-depth approach to CSR and climate transition work by further strengthening:

- the role of the non-voting Director;
- the role of the committees, particularly the Risk Committee, the Audit and Internal Control Committee and the Compensation Committee;
- the review of strategy implementation;

Last, Board of Director members again expressed their appreciation of presentations by a lead speaker on matters being tabled by the Board.

The Nomination and Corporate Governance Committee submitted the results at the Board of Directors' meeting of 12 January 2023. The latter validated these results and made decisions on strategies to address the expectations that were expressed, notably in respect of the way CSR work is organised (see page 93).

Training

Eleven training sessions were held in 2022. A customised training programme is systematically organised for each incoming Director.

Board of Director members received training on the following matters in 2022:

- liquidity, ALM;
- CSR, in particular climate-related issues, biodiversity and extra-financial communication;
- market risks;
- accounting issues;
- artificial intelligence;
- security;
- anti-corruption measures;
- anti-money laundering measures;
- US financial regulation;
- prudential capital.

The programme will be further broadened in 2023 in accordance with the findings of the Board of Directors' appraisal procedure. Training sessions will continue to be moderated by employees, notably in respect of CSR, to ensure their relevance with the company's situation.

The annual seminar and certain themes developed during Board of Director meetings also aim to provide additional training, particularly on the regulatory and competitive environment.

Compensation of Company Directors

The annual amount allocated to attendance fees was set at EUR 1,700,000 at the General Meeting of 17 May 2022. The full amount was used in 2022.

The rules governing the breakdown of compensation to Directors are determined by Article 18 of the Board's Internal Rules (see Chapter 7).

Since 2018, the amount of allocated compensation has been reduced by EUR 200,000, to be shared between the members of the Risk Committee and the members of the Audit and Internal Control Committee meeting as the US Risk Committee for US operations. Diane Côté, member of the Audit and Internal Controhearsl Committee, is exempt from participating in the work of the US Risk Committee and, accordingly, does not receive any corresponding compensation. This amount is distributed in equal portions, except for the Chairman of the Risk Committee who receives two portions. The balance is then reduced by a lump sum of EUR 130,000 which is divided between the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

The remaining balance is split between a 50% fixed and 50% variable portion. The number of fixed portions per Director is six.

Additional fixed portions are allocated to the:

- Chairman of the Audit and Internal Control Committee or of the Risk Committee: four portions;
- Chairman of the Nomination and Corporate Governance Committee or of the Compensation Committee: three portions;
- member of the Nomination and Corporate Governance Committee or of the Compensation Committee: a half-portion;
- member of the Audit and Internal Control Committee or of the Risk Committee: one portion.

The fixed portions may be reduced in proportion to the actual attendance when the attendance over the year falls below 80%.

The variable portion of compensation is divided up and distributed at the end of the year in proportion to the number of meetings or working meetings held by the Board of Directors and to each of the Committees which each Director has attended.

Neither the Chairman of the Board of Directors nor the Chief Executive Officer receives any compensation as Directors.

Compensation awarded to the non-voting Director falls under another category and is paid from a separate budget. The rules governing this type of compensation are contained in Article 21 of the Board of Directors' Internal Rules (see Chapter 7). It is equal to the average remuneration paid to Directors, with the exception of compensation paid to Committee Chairpersons and to Directors who are members of the US Risk Committee. This compensation takes account of the person's attendance rate and is determined following a review by the Compensation Committee.

3.1.3 GENERAL MANAGEMENT

(At 1 January 2023)

Organisation of General Management

General Management oversees the Company and acts as its representative with respect to third parties. It comprises the Chief Executive Officer, Frédéric Oudéa, who is assisted by two Deputy Chief Executive Officers:

- Diony Lebot, who has been in office since 14 May 2018, is responsible for supervising the Group's financial services (ALD and SGEF) and insurance activities. She is also responsible for overseeing all ESG policies and their effective incorporation into the strategic trajectories adopted by the Group's business units and functions;
- Philippe Aymerich, who has also been in office since 14 May 2018, is in charge of Retail Banking activities in France and the related Innovation, Technology and IT Service Unit, as well as International Retail Banking activities.

The Chief Executive Officer and the two Deputy Chief Executive Officers are assisted by two Deputy General Managers who are not corporate officers.

Limitations imposed on the powers of the Chief Executive Officer and the Deputy Chief Executive Officers

The Company By-laws and the Board of Directors do not impose any special restrictions on the powers of the Chief Executive Officer or Deputy Chief Executive Officers, who exercise these powers in accordance with the applicable laws and regulations, By-laws, Internal Rules and guidelines decided by the Board of Directors.

Article 1 of the Internal Rules (see Chapter 7, page 652) defines the cases in which prior approval by the Board of Directors is required; for example, in the case of strategic investment projects exceeding a specific amount.

Presentation of the members of the General Management

Date of birth: 3 July 1963
Nationality: French
Holds(1) 272,263 shares
2,629 shares *via* Societe Generale Actionnariat (Fonds E)

Frédéric OUDÉA

Chief Executive Officer

Biography

See page 83.

Other offices currently held

In French listed companies:

- *Director:*
  Capgemini (since 2018),
  ALD* (since 7 February 2023).
- *Non-voting Director:*
  Sanofi (since September 2022).

Other offices and positions held in other companies in the past five years

None.

* Societe Generale Group.

Date of birth: 15 July 1962
Nationality: French
Holds(1) 47,555 shares
2,598 shares *via* Societe Generale Actionnariat (Fonds E)

Diony LEBOT

Deputy Chief Executive Officer

Biography

Diony Lebot holds a postgraduate degree (DESS) in Finance and Tax from the University of Paris I Panthéon-Sorbonne. From 1986 to 2004, she held a range of positions within the Structured Finance businesses and the Financial Engineering Department before being appointed Head of Asset Finance. In 2004, she joined the Corporate Coverage Department as Head of Sales Europe in the Large Corporates and Financial Institutions Division. She was named Chief Executive Officer of Societe Generale Americas in 2007 and became a member of the Group Management Committee. In 2012, she was appointed Deputy Head of Coverage and Investment Banking and Chief Executive Officer for Global Banking and Investor Solutions in Western Europe. In March 2015, she became Deputy Chief Risk Officer before taking up the position of Group Chief Risk Officer for the Societe Generale Group in July 2016. She has been Deputy Chief Executive Officer of Societe Generale since May 2018.

Other offices currently held

In French listed companies:

- *Chairman of the Board of Directors:*
  ALD* (since 2020).

In French unlisted companies:

- *Chairman of the Board of Directors:*
  SOGECAP* (since 2020).

In non-French listed companies:

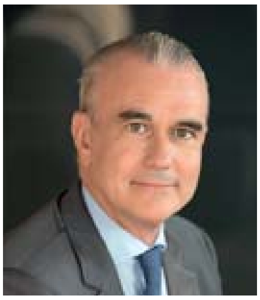
- *Director:*
  EQT AB (Sweden) (since 2020).

Other offices and positions held in other companies in the past five years

- *Director:*
  SOGECAP* (France) (from 2016 to 2018).

* Societe Generale Group.

(1) *In respect of the Societe Generale share ownership and holding obligations, the Board of Directors at its meeting of 13 March 2019 decided to increase the minimum shareholding thresholds of each of the Chief Executive Officers. These amounts are indicated in the paragraph "Societe Generale share ownership and holding obligations", see page 80 of the 2023 URD.*



Date of birth: 12 August 1965
Nationality: French
Holds(1) 35,265 shares
9,255 shares *via* Societe Generale Actionnariat (Fonds E)

Philippe AYMERICH

Deputy Chief Executive Officer

Biography

Philippe Aymerich is a graduate of France's *École des hautes études commerciales* (HEC). He joined Societe Generale in 1987, first in the Inspection Division where he performed audit and advisory work in a range of areas until 1994, at which time he was appointed Chief Inspector. In 1997, he moved to Societe Generale Corporate & Investment Banking where he was appointed Deputy Managing Director of SG Spain, in Madrid. From 1999 until 2004, he served in New York, first as Deputy Chief Operating Officer and later, from 2000, as Chief Operating Officer for SG Americas' Corporate & Investment Banking arm. In 2004, he was appointed Head of the Automotive, Chemicals & General Industries Group in the Corporate & Institutions Division. In December 2006, he was appointed Deputy Chief Risk Officer for Societe Generale Group. He was appointed Chief Executive Officer of Crédit du Nord in January 2012. He has been Deputy Chief Executive Officer of Societe Generale since May 2018.

Other offices currently held

In French unlisted companies:

- *Chairman of the Board of Directors:* Boursorama* (since 2018), Franfinance* (since 2019).

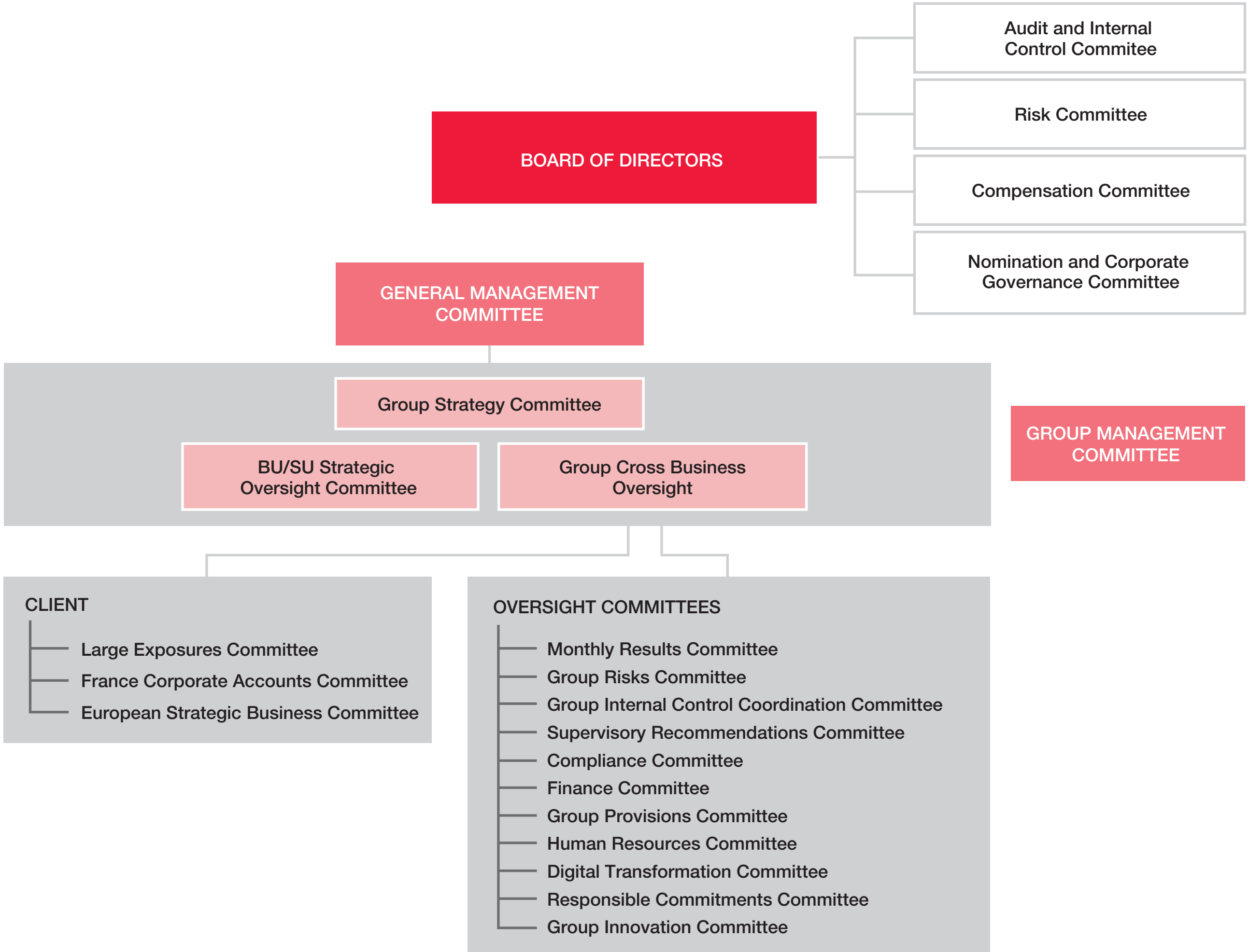
Other offices and positions held in other companies in the past five years

- Chairman of the Supervisory Board: Rhône-Alpes Bank* (from 2013 to 2018), Courtois Bank* (France) (from 2012 to 2018), Laydernier Bank* (France) (from 2016 to 2018), Société Marseillaise de Crédit* (France) (from 2012 to 2018), Brokerage firm Gilbert Dupont* (France) (from 2016 to 2018).
- *Chairman of the Board of Directors:* Norbail Immobilier* (from 2017 to 2018), Crédit du Nord* (from 2018 to 2020).
- *Director:* Antarius (France) (from 2016 to 2018).
- *Member of the Supervisory Board:* Banque Tarneaud* (France) (from 2012 to 2018).
- *Chief Executive Officer:* Crédit du Nord* (from 2012 to 2018).
- *Member of the Board of Directors:* EPI Intérim (permanent representative of Societe Generale) (from October 2020 to 2021).
- *Member of the Board of Directors:* PJSC Rosbank (from 2020 to June 2022).

** Societe Generale Group.*

(1) In respect of the Societe Generale share ownership and holding obligations, the Board of Directors at its meeting of 13 March 2019 decided to increase the minimum shareholding thresholds of each of the Chief Executive Officers. These amounts are indicated in the paragraph "Societe Generale share ownership and holding obligations", see page 80 of the 2023 URD.

3.1.4 GOVERNANCE BODIES



General Management Committee

The Group General Management Committee meets every week and comprises the Chief Executive Officer and Deputy Chief Executive Officers. The Heads of the Business and Service Units concerned by the matters on the agenda and the persons directly responsible for the topics in question may be invited to take part in the Committee.

The Committee, which reports to the Chief Executive Officer, submits the Group's overall strategy to the Board of Directors and oversees its implementation.

Group Strategy Committee

The Group Strategy Committee meets every two months and comprises the Chief Executive Officer, Deputy Chief Executive Officers and Heads of the Business Units and the Service Units.

The Committee reports to the Chief Executive Officer and is responsible for implementing the Group's strategy.

General Management Committee

(At 1 February 2023)

The Group Management Committee comprises 59 executives belonging to the Service Units and Business Units. They are appointed by the Chief Executive Officer. The Management Committee meets at least once every quarter.

During its meetings Committee members deliberate on strategy and issues of general interest to the Group.

Name	Main function within the Societe Generale Group
General Management	
Frédéric OUDÉA	Chief Executive Officer
Philippe AYMERICH	Deputy Chief Executive Officer
Diony LEBOT	Deputy Chief Executive Officer
Slawomir KRUPA(1)	Deputy General Manager, Head of Global Banking & Investor Solutions businesses
Sébastien PROTO(1)	Deputy General Manager, in charge of SG French Retail Banking Network, Private Banking and their IT Division
Member of the Group Strategy Committee (excluding General Management)	
David ABITBOL(2)	Global Head of Societe Generale Securities Services
Stéphane ABOUT(2)	Chief Executive Officer of Societe Generale Americas
Tim ALBERTSEN(2)	Chief Executive Officer of ALD Automotive
Pascal AUGÉ(2)	Head of the Inspection and Audit Division
Cécile BARTENIEFF(2)	Chief Executive Officer for Societe Generale Asia Pacific
Gilles BRIATTA(2)	Group General Secretary
Sylvain CARTIER(2)	Co-Head of Global Markets
Bertrand COZZAROLO(2)	Head of Societe Generale Private Banking
Bruno DELAS(2)	Head of Innovation, Technologies & IT (ITIM)
Marie-Christine DUCHOLET(2)	Head of SG French Retail Banking Network
Claire DUMAS(2)	Group Chief Financial Officer
Alexandre FLEURY(2)	Co-Head of Global Markets
Laurent GOUTARD(2)	Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Benoît GRISONI(2)	Chief Executive Officer of Boursorama
Stéphane LANDON(2)	Group Chief Risk Officer
Christophe LATTUADA(2)	Chief Operating Officer of Global Banking & Investor Solutions
Alexandre MAYMAT(2)	Head of Global Transaction and Payment Services
Pierre PALMIERI(2)	Head of Global Banking and Advisory
Philippe PERRET(2)	Head of the Insurance businesses
Odile de SAIVRE(2)	Chief Executive Officer of Societe Generale Equipment Finance
Grégoire SIMON-BARBOUX(2)	Group Head of Compliance
Giovanni-Luca SOMA(2)	Head of International Retail Banking for Europe
Members of the Group Management Committee (excluding Group Strategy Committee)	
Philippe AMESTOY	Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Thierry D'ARGENT	Deputy Head of Global Banking and Advisory
François BLOCH	Chief Executive Officer of BRD
Ingrid BOCRIS	Deputy Chief Executive Officer of Societe Generale Assurances
Claire CALMEJANE	Group Chief Innovation Officer
Antoine CREUX	Chief Security Officer
Geoffroy DALLEMAGNE	Global Head of Permanent Control and Internal Control Coordination
Jean-François DESPOUX	Deputy Head of Risk
Delphine GARCIN-MEUNIER	Head of Group Strategy
Patrick FOLLÉA	Advisor to the Head of Societe Generale Private Banking
Aurore GASPAR-COLSON	Deputy Head of SG French Retail Banking Network
Carlos GONCALVES	Global Chief Information Officer

Name	Main function within the Societe Generale Group
Donato GONZALEZ-SANCHEZ	Head of Corporate & Investment Banking, Securities Services and Group Country Head for Spain and Portugal
Éric GROVEN	Head of the Real Estate Division of SG French Retail Banking Network
Alvaro HUETE	Deputy Head of Global Banking and Advisory
Arnaud JACQUEMIN	Group Country Head for Luxembourg and CEO of Societe Generale Luxembourg
Jan JUCHELKA	Chairman of the Board and CEO of Komerční banka and Group Country Head for the Czech Republic and Slovakia
Jean-Louis KLEIN	Head of Programme
Chistophe LEBLANC	Head of the Group Operational Resilience Mission
Véronique LOCTIN	Head of CSR Programme for SG French Retail Banking Network
Xavier LOFFICIAL	Deputy Chief Financial Officer of the Group
Michala MARCUSSEN	Group Chief Economist and Head of Economic and Sectorial Research
Anne MARION-BOUCHACOURT	Group Country Head for Switzerland and Chief Executive Officer of Societe Generale Zurich
Lætitia MAUREL	Group Deputy Head of Communication
Yann DE NANTEUIL	Deputy Head of SG French Retail Banking Network
Mai NGUYEN	Deputy Chief Executive Officer of Societe Generale Assurances
Hacina PY	Group Chief Sustainability Officer
John SAFFRETT	Deputy Chief Executive Officer of ALD Automotive
Mathieu VEDRENNE	Head of Societe Generale Private Banking France
Alain VOIMENT	Chief Technology Officer for the Group
Georges WEGA	Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas
Guido ZOELLER	Group Country Head for Germany and Austria and Head of Societe Generale Corporate & Investment Banking activities in Germany

(1) Deputy General Managers are not executive officers.
(2) Manager of a Business Unit or a Service Unit.

3.1.5 DIVERSITY POLICY WITHIN SOCIETE GENERALE

General Management submits the Diversity & Inclusion policy to the Board of Directors on an annual basis. The policy reflects Societe Generale's determination to recognise the full array of talent within its ranks and to combat all forms of discrimination involving beliefs, age, disability, parenthood status, ethnic origin, nationality, gender identity, sexual orientation, membership of a political, religious, trade union or minority organisation, or any other characteristic that may give rise to discrimination. Over the past few years the Group has significantly strengthened its commitments in this regard by signing new non-discrimination charters pertaining to men and women, the LGBT+ community, parenthood, amongst others.

With regard to the Board of Directors, Societe Generale is committed to respecting the 40% gender diversity rate. In addition, the Board of Directors ensures that each Committee includes men and women and that their chairs are divided between the genders.

At the end of 2020, the Group set a gender equality target of at least 30% women in management positions by 2023, ensuring that both business units and functions meet the target, as well as implementing a proactive policy to increase the number of international profiles.

These targets apply at three levels. First, at Group Strategy Committee level, which includes General Management and the Heads of the Business and Service Units (29 managers), the Management Committee (60 managers including the Strategy Committee) and the Group's 162 top executives (referred to as Group Key Persons)(1).

At end-September 2022, women held 26% of Strategy Committee positions, 27% of Management Committee positions and 25% of Group Key Person positions.

In December 2022, the Board of Directors decided to uphold the undertakings made by the Group at end-2023 for the Strategy Committee, the Management Committee and Group Key Persons.

The Board also took note of the 30% minimum requirement for women in management and senior management positions by 1 March 2026 and, later, 40% by 1 March 2029 pursuant to the French Rixain Act, which contains measures aimed at achieving greater equality between women and men in companies. Board of Director members also observed that the 30% requirement for women in Senior Management positions had already been attained at end-2021 and decided that a new target will be set going forward after 2023, particularly in light of the new law.

Action plans were rolled out in 2021 and 2022 to meet the objectives laid down by the Group. These will be pursued and strengthened, notably by:

- establishing new targets for job circles and talent pools that are strategic medium- and long-term sources of candidates for management bodies. These indicators are now managed using Objectives and Key Results (OKR) criteria, and are monitored by the Human Resources Department;
- conducting ongoing sessions to raise awareness about gender bias and stereotyping to all employees and which were made compulsory for managers and future managers in 2021. In 2022, compulsory e-learning modules were introduced in France for HR teams and managers in charge of recruiting and managing employees, and will be deployed at international level in 2023.

Every member of the Management Committee is also assessed on their diversity targets.

Each year, General Management submits a progress report to the Board of Directors on the full range of these issues in France and internationally that comprises:

- all diversity and inclusion initiatives rolled out at Group level;
- the results achieved at the end of each period. The report contains the percentages of women and international profiles in key positions (Strategy Committee, Management Committee and Group Key Persons), as well as the corresponding diversity action plans in succession plans and high-potential talent pools. Where appropriate, the report also addresses the reasons why the targets were not met, and the measures being taken to rectify the situation.

(1) Figures at 31 December 2022.

3.1.6 REMUNERATION OF GROUP SENIOR MANAGEMENT

Policy governing remuneration of the Chairman of the Board of Directors and the Chief Executive Officers, subject to shareholders' approval

The policy governing remuneration of the Chairman of the Board of Directors and the Chief Executive Officers, presented below, was approved by the Board of Directors on 8 March 2023 following the recommendations of the Compensation Committee.

At the General Meeting of 17 May 2022, Frédéric Oudéa announced that he would not seek to renew his term of office as Director, due to expire at the General Meeting of 23 May 2023, or as Chief Executive Officer. The Board of Directors noted this decision and reiterated their confidence in his leadership until such date. As of 7 February 2023, Frédéric Oudéa is a Director of ALD Group, a subsidiary of the Societe Generale Group.

On the advice of the Nomination and Corporate Governance Committee, the Board proposed to appoint Slawomir Krupa as Director for a four-year term to replace Frédéric Oudéa. Once Slawomir Krupa has been elected, the Board will appoint him Chief Executive Officer.

The functions of the Chairman and of the Chief Executive Officer will remain separate in accordance with Article 511-58 of the French Monetary and Financial Code.

The terms of office of the Deputy Chief Executive Officers will likewise expire on 23 May 2023. Their renewal will be submitted to the approval of the Board of Directors of 23 May 2023.

On this subject, and as recommended by the Compensation Committee, the Board of Directors decided on 8 March 2023 to revise certain provisions of the remuneration policy adopted by the General Meeting in 2022, without changing its overall structure.

The adjustments recommended by the Board of Directors are notably based on an analysis of changing market practices and the observations expressed by our various stakeholders. These changes aim to simplify the policy implemented, thus making it easier to understand.

The main adjustments concern:

- clarifying the target annual variable remuneration expected and increasing the weightings of financial criteria when determining the annual variable remuneration. Moreover, the financial criteria for General Management as of 23 May 2023 will be based solely on Group financial indicators;
- changing the Group financial indicators used, with the Core Equity Tier 1 (CET1) ratio now being used as a threshold criterion to trigger the financial portion of the annual variable remuneration;
- extending the annual variable remuneration deferral period to five years and the holding period for instrument payments to one year;
- changing the performance criteria used for the vesting of long-term incentives by introducing a profitability-based criterion;
- simplifying the structure of long-term incentives by awarding payment at five years, versus two instalments currently paid at four and six years;
- the scope and term of the non-compete clause applicable to the Chief Executive Officers appointed as of 23 May 2023.

In accordance with Article L. 22-10-8 of the French Commercial Code (Code de commerce), the remuneration policy detailed below is subject to the approval of the General Meeting. If it is rejected, the remuneration policy approved by the General Meeting of 17 May 2022 will remain in effect.

The General Meeting must give its approval prior to payment of the variable components of remuneration (annual variable remuneration and long-term incentives) or any exceptional components.

By virtue of the second paragraph of Article L. 22-10-8 (III) of the French Commercial Code, the Board of Directors reserves the right to deviate from the approved remuneration policy in certain exceptional circumstances, provided that such action is temporary, in the Company's best interests and necessary to ensure its viability or long-term survival. The latter could in particular be made necessary by a major event affecting either the activity of the Group or one of its areas of activity, or the economic environment of the Bank. The Board of Directors will decide on the adjustments that should be made to the remuneration policy in light of any such exceptional circumstances based on the Compensation Committee's recommendation and, where appropriate, the advice of an independent consultancy firm. For example, the Board could adjust or modify the criteria or conditions governing the calculation or payment of variable remuneration. Any such adjustments will be temporary.

GOVERNANCE OF DECISIONS THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICERS

The governance framework and decision-making process in respect of the remuneration of the Chairman of the Board and the Chief Executive Officers is designed to ensure that their remuneration is in line with both the shareholders' interests and the Group's strategy.

The process for defining, reviewing and implementing the remuneration policy of the Chairman of the Board and the Chief Executive Officers is, for its part, designed to avoid any conflict of interests. This is achieved, in particular, by means of the composition of the Compensation Committee, studies commissioned from an independent firm, internal and external auditing and the multi-stage approval procedure:

- **composition and functioning of the Compensation Committee**: the Committee is composed of at least three Directors, including one elected by the employees. At least two-thirds of the Committee's members must be independent, in accordance with the AFEP-MEDEF(1) Code. Its composition ensures that it is both independent and competent to judge whether the remuneration policies and practices are appropriate in view of the Company's risk, equity and liquidity management. The Chief Executive Officer is excluded from the Compensation Committee's deliberations when they directly concern his own remuneration;
- **independent evaluation:** the Compensation Committee bases its work on studies conducted by the independent firm of Willis Towers Watson. These studies are based on companies listed on the CAC 40 index as well as a panel of comparable benchmark European banks (Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Credit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit). They assess:
  - the competitiveness of the overall remuneration of the Chairman of the Board and the Chief Executive Officers compared with a panel of peers,

(1) The AFEP-MEDEF Code does not take into employees into account when calculating ~~the~~ proportion of independent Committee members.

- Societe Generale's results compared to the criteria defined by the Group to assess the Chief Executive Officers' performance,
- and the correlation between the Chief Executive Officers' performance and their remuneration;

- **internal and external auditing:** the information serving as the basis for decisions regarding the Chairman of the Board's and Chief Executive Officers' remuneration is regularly audited by either the Internal Audit Division or external auditors;
- **multi-stage approval:** the Compensation Committee submits its proposals to the Board of Directors for approval. The Board's decisions then form the subject of a binding annual resolution at the Shareholders' General Meeting.

The remuneration and employment conditions for the Group's employees are also taken into account as part of the decision-making process when defining and implementing the policy applicable to the Chairman of the Board of Directors and Chief Executive Officers.

The Compensation Committee reviews the Company remuneration policy as well as the remuneration policy for regulated employees (as defined under banking regulations) on an annual basis.

It monitors the remuneration of the Chief Risk Officer, the Chief Compliance Officer and the Head of the Inspection and Audit Division. It receives all information necessary for such purposes, in particular the Annual Report sent to the European Central Bank. It submits a policy proposal to the Board of Directors for performance share awards and prepares the Board's decisions on the employee savings plan.

Accordingly, any change in the policy and terms of employee remuneration is flagged to the Board of Directors which validates the principles set out therein at the same time as any change in the remuneration policy governing corporate officers so that it may make decisions affecting the officers by taking into account the remuneration conditions of the Group's employees.

Details of the Compensation Committee's work in 2022 appear on page 102.

POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICERS

Lorenzo Bini Smaghi was appointed Chairman of the Board of Directors on 19 May 2015. His appointment was renewed on 17 May 2022 for the same duration as his term of office as Director (i.e. four years). He does not have an employment contract.

Frédéric Oudéa was appointed Chief Executive Officer in May 2008, then Chairman and Chief Executive Officer in 2009, and Chief Executive Officer again on 19 May 2015. His appointment was renewed on 21 May 2019. He terminated his employment contract when he was appointed Chairman and CEO in 2009 in accordance with the AFEP-MEDEF Code's recommendations regarding corporate officers not holding several concurrent duties. Frédéric Oudéa's term of office expires on 23 May 2023. At the General Meeting of 17 May 2022, he announced that he would not seek to renew his term.

On the basis of work carried out by the Nomination and Corporate Governance Committee, the Board of Directors recommended the appointment of Slawomir Krupa as Director and new Chief Executive Officer to take over from Frédéric Oudéa.

In light of Slawomir Krupa's seniority in the Bank at the time of his appointment, the Board of Directors decided to suspend his employment contract for the duration of his term of office, considering that said suspension would not impede the ability to dismiss him as Chief Executive Officer at any time, and would not lead to concurrent benefits under his term of office and his suspended employment contract. The collective bargaining agreement for the French banking sector governs any termination of employment contracts, and in particular the requisite notice periods.

Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018; their appointments were renewed on 21 May 2019. Their terms of office expire on 23 May 2023. The employment contracts held by Philippe Aymerich and Diony Lebot have been suspended for the duration of their terms of office. The collective bargaining agreement for the French banking sector governs any termination of employment contracts, and in particular the requisite notice periods.

The Chairman of the Board of Directors and Chief Executive Officers are appointed for a term of four years and may be removed from office at any time.

They are not bound to the Group by any service agreement.

Additional information on the positions of the Chairman of the Board and Chief Executive Officers can be found in the table on page 153. The benefits and conditions applicable to the Chairman of the Board and Chief Executive Officers once they leave the Group are detailed on pages 121-122.

REMUNERATION PRINCIPLES

The purpose of the compensation policy for the Chairman of the Board of Directors and the Chief Executive Officers is to ensure that the Company's top-level positions attract the most promising candidates and to cultivate motivation and loyalty on a lasting basis, while also ensuring appropriate compliance and risk management, in accordance with the principles laid down by the Group's Code of Conduct.

The policy takes into account all remuneration components as well as any other benefits granted so as to cover the entirety of the Chief Executive Officers' compensation. It ensures an appropriate balance between these various elements in the general interests of the Group.

Variable remuneration, which is based on certain performance criteria, is designed to recognise the existence of the Group's strategy and promote its sustainability in the interests of shareholders, clients and staff alike.

Performance is assessed on an annual and multi-annual basis, taking into account both Societe Generale's intrinsic performance as well as its performance compared to the market and its competitors.

In accordance with the pay for performance principle, non-financial aspects are taken into account in addition to financial performance criteria when calculating variable remuneration and long-term incentives; such non-financial aspects include in particular issues of corporate social responsibility and compliance with the Group's leadership model.

Furthermore, the Chairman of the Board's and Chief Executive Officers' remuneration complies with:

- the French Commercial Code; and
- AFEP-MEDEF Code recommendations.

Lastly, when remuneration is received in the form of shares or share equivalents, Chief Executive Officers are forbidden from using any hedging or insurance strategies, whether over the vesting or holding periods.

REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

Lorenzo Bini Smaghi's annual gross remuneration was set at EUR 925,000 in May 2018 and will remain unchanged for the duration of his term of office. This remuneration remained unchanged when his term of office as Director and as Chairman was renewed at the General Meeting of 17 May 2022.

He does not receive remuneration in his capacity as Director.

To ensure his total independence when fulfilling his duties, he does not receive variable compensation, securities or any compensation contingent on the performance of Societe Generale or the Group.

He is provided with company accommodation for the performance of his duties in Paris.

REMUNERATION OF GENERAL MANAGEMENT

Balanced remuneration taking into account the expectations of the various stakeholders

The remuneration of Chief Executive Officers breaks down into the following two components:

- **fixed remuneration (FR)** rewards experience and responsibility, taking into account market practices. It accounts for a significant proportion of overall remuneration and serves as the basis for calculating annual variable remuneration and long-term incentives;
- **variable remuneration (VR)** comprises two components:
  - **annual variable remuneration (AVR)** rewards both financial and non-financial performance over the year; its payment is partially deferred over time and subject to presence and performance conditions, and
  - **long-term incentives (LTI)** aim to align the Chief Executive Officers' focus with shareholders' interests, and to provide the former with an incentive to deliver long-term performance. Vesting of LTIs is subject to a condition of continued presence and is based on the Group's financial and non-financial performance as measured against both internal and external criteria.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to adjust the structure of variable remuneration to improve overall comprehension of the scheme and ensure a balance between the components awarded:

- from now on, annual variable remuneration (AVR) will be determined on the basis of the target annual variable remuneration representing 120% of annual fixed remuneration for the Chief Executive Officer and 100% of annual fixed remuneration for the Deputy Chief Executive Officers; the annual variable remuneration awarded may not exceed 140% of the fixed remuneration for the Chief Executive Officer and 116% of the annual fixed remuneration for the Deputy Chief Executive Officers;
- the long-term incentives (LTI) awarded (in IFRS value) will be capped at 100% of annual fixed remuneration for the Chief Executive Officer and the Deputy Chief Executive Officers.

Pursuant to CRDV, and as approved by the General Meeting in May 2014, the total variable remuneration component (i.e. annual variable remuneration plus long-term incentives) is capped at 200% of fixed remuneration[(1)].

Fixed remuneration

FRÉDÉRIC OUDÉA

Chief Executive Officer Frédéric Oudéa's annual fixed remuneration is EUR 1,300,000.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to keep the fixed remuneration for Frédéric Oudéa unchanged for 2023. This remuneration will be paid pro rata until 23 May 2023 (included), when his term of office as Chief Executive Officer will expire.

SLAWOMIR KRUPA

With respect to the renewal of governance and the future appointment of Slawomir Krupa as Chief Executive Officer, and as recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided, subject to his appointment as Chief Executive Officer, to set Slawomir Krupa's annual fixed remuneration at EUR 1,650,000 as of his appointment.

The Board of Directors determined this remuneration based on the following:

- the overall remuneration structure and median fixed remuneration of the leading Chief Executive Officers of CAC 40 companies, which is EUR 1.2 million, and of European banking peers, which is EUR 2.5 million;
- the incoming Chief Executive Officer's investment banking background and the level of his current remuneration;
- the change in the annual base mean salary of Societe Generale SA employees in France, excluding top-level executives, from EUR 41,623 at 31 December 2011 to EUR 51,086 at 30 June 2022, i.e., a +23% increase, which should further rise by a minimum average of 3% in respect of the 2022-2023 salary reviews;
- the overall fixed remuneration of the outgoing Chief Executive Officer, which has not been reviewed since 1 January 2011 (excluding the inclusion in 2014 in his annual fixed remuneration of the allowance of EUR 300,000 granted in 2009 to compensate him for the loss of his pension rights under the Group's supplementary scheme);
- the AFEP-MEDEF Code's recommendation that, in principle, fixed remuneration is only to be reviewed at relatively long intervals.

This decision requires the approval of the General Meeting of 23 May 2023 by way of vote on the ex ante policy.

DEPUTY CHIEF EXECUTIVE OFFICERS

Philippe Aymerich and Diony Lebot, who were both appointed Deputy Chief Executive Officers on 3 May 2018, with effect on 14 May 2018, each receive EUR 800,000 in annual fixed remuneration, as approved by the Board of Directors on 3 May 2018 in line with the Company's remuneration policy in force at that time. Their annual fixed remuneration has since remained unchanged.

The fixed remuneration set out above was approved at the AGM of 17 May 2022.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided:

- to maintain this fixed remuneration until the end of their terms of office, which expire on 23 May 2023;
- to increase to EUR 900,000 the fixed remuneration of the Deputy Chief Executive Officers to be appointed by the Board of Directors on 23 May 2023.

The Board of Directors determined this remuneration based on the following:

- the overall remuneration structure and median fixed remuneration of Deputy Chief Executive Officers of CAC 40 companies, which is approximately EUR 750,000, and of European banking peers, which is approximately EUR 1,790,000;
- the annual base mean remuneration of Societe Generale SA employees in France, excluding top-level executives, which increased from EUR 47,362 at 31 December 2018 to EUR 51,086 at 30 June 2022, i.e. an 8% increase, which should rise by a minimum average of 3% in respect of the 2022-2023 salary reviews.

(1) After application of the discount rate for variable remuneration awarded as instruments deferred for five years or more, pursuant to Article L.511-79 of the French Monetary Code, where applicable.

These changes to the above officers' fixed remuneration endorsed by the Board requires the approval of the General Meeting before taking effect.

Annual variable remuneration

GENERAL PRINCIPLES

At the beginning of each year, the Board of Directors defines the evaluation criteria that will be used to calculate the Chief Executive Officers' annual variable remuneration in respect of the financial year.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to update certain terms for determining and paying annual variable remuneration, in light of the change in Chief Executive Officer and evolving market practices, and taking into account the observations made by our stakeholders. These updates were as follows:

- the target annual variable remuneration is set at 120% of annual fixed remuneration for the Chief Executive Officer and at 100% of annual fixed remuneration for the Deputy Chief Executive Officers;
- the financial portion is increased to 65% of the target annual variable remuneration (vs 60% of the maximum annual variable remuneration previously) to better align it with the Group's profitability;
- financial criteria will be based solely on Group performance for General Management as of 23 May 2023 (vs 60% for Deputy Chief Executive Officers previously) in order to assert the primacy of the Deputy Chief Executive Officers' collective responsibility at Group level and the importance of cross-business synergies;
- the CET1 ratio will no longer be used as a financial performance criterion, but as a threshold criterion for the financial portion of annual variable remuneration;
- the target achievement rate of financial targets will equate to budgetary targets; non-financial criteria may not exceed an overall achievement rate of more than 100%; financial criteria may be outperformed by a maximum of 25%, leading to a maximum variable level of 140% for the Chief Executive Officer and 116% for the Deputy Chief Executive officers;
- payments of the deferred portion of annual variable remuneration are restructured to extend the vesting period from three to five years, including three payments in shares or share equivalents with a one-year holding period (compared with six months previously) to meet the regulator's expectations and comply with market practices.

Financial criteria: 65%	Non-financial criteria: 35%
Financial criteria based on annual financial performance. Indicators and target achievement levels are set in advance by the Board of Directors and are primarily based on the respective budget targets for the Group and the businesses in each Chief Executive Officer's remit.	**Non-financial criteria** based essentially on the achievement of key targets in relation to the Group's strategy, and notably the CSR targets, operational efficiency, risk management and regulatory compliance.

Financial portion

In respect of General Management in place until 23 May 2023, the financial criteria applicable to the Chief Executive Officer will comprise exclusively of Group performance-based criteria and for the Deputy Chief Executive Officers, 60% will be based on Group performance and 40% on remits involving specific responsibilities.

In respect of General Management after 23 May 2023, acting on the recommendations of the Compensation Committee, the Board of Directors in its meeting of 8 March 2023 decided that financial criteria will be based solely on Group performance.

The Board of Directors decided to adjust the composition of Group financial indicators as follows:

- the financial performance measured on the Group's scope will be based on two indicators: Return on Tangible Equity (ROTE) and the cost-to-income (C/I) ratio, with equal weighting given to each indicator, instead of three indicators in the previous policy (ROTE, C/I ratio and CET1 ratio);
- the Core Equity Tier 1 ratio indicator will be used as a variable financial remuneration threshold. Accordingly , if a minimum level defined ex ante by the Board of Directors is not achieved, the achievement rate of each of the financial criteria will be reduced to a lower threshold, below which it will be deemed zero. If this level is reached, the achievement rate of each of the financial criteria could be 100%.

The financial indicators of the specific scope of the Deputy Chief Executive Officers' responsibilities remain unchanged: the gross operating income, Return on Normative Equity (RONE) and the cost-to-income ratio of the scope of supervision, with equal weighting given to each indicator.

Covering both financial and operational aspects, these indicators are directly linked to the Group's strategy and reflect compliance with the predefined budgets. The Board of Directors excludes from its calculations any components it deems exceptional.

For reasons of simplification, the Board of Directors decided to change the rule for setting annual variable remuneration by relying on a target variable corresponding to 120% of annual fixed remuneration for the Chief Executive Officer and 100% of annual fixed remuneration for the Deputy Chief Executive Officers. The achievement rates have been adjusted accordingly:

- compliance with the budgetary target equates to an achievement rate of 100% of the target variable;
- the budgetary target is still guided by:
  - a high point defined *ex ante* by the Board of Directors and allowing for an achievement rate of 125%,
  - a low point defined *ex ante* by the Board of Directors corresponding to an achievement rate of 50% and below which the achievement rate is considered zero.

The achievement rate of each target is defined on a straight-line basis between these limits.

Each of the financial performance criteria is capped at 125% of its target weighting. As such, the maximum financial portion is capped at 81.25% of the target annual variable remuneration, with the latter corresponding to 120% of annual fixed remuneration for the Chief Executive Officer and 100% for the Deputy Chief Executive Officers.

In respect of financial year 2023, each of the Chief Executive Officers and Deputy Chief Executive Officers will be paid annual variable remuneration on a pro rata basis, after determining whether the abovementioned financial performance conditions were met on an annual basis.

Non-financial portion

Each year, the Board of Directors sets non-financial targets for the following financial year, as recommended by the Compensation Committee.

Given the specific changes of this financial year, with a new Chief Executive Officer taking over and possible changes to the individual supervisory remits of the Deputy Chief Executive Officers, the non-financial targets were defined in accordance with this particular situation.

During the period from 1 January 2023 to 23 May 2023, 35% of the annual variable remuneration, including several targets with a CSR component and an equal weighting:

Frédéric Oudéa, Chief Executive Officer:

- ensuring the proper functioning of governance and a smooth managerial transition until 23 May 2023;
- helping to secure strategic projects scheduled for completion in H1 2023.

For Philippe Aymerich, Deputy Chief Executive Officer responsible for the French and international networks, Private Banking and Boursorama:

- Vision 2025: securing the information systems transfers of March and May 2023;
- continuing to develop Boursorama and to consolidate systems in Africa.

For Diony Lebot, Deputy Chief Executive Officer responsible for ALD, SGEF, ASSU and CSR:

- for ALD, finalising the acquisition of LeasePlan;
- in terms of ESG, continuing efforts to align the portfolio and to execute the operationalisation programme.

During the period from 23 May 2023 to 31 December 23, the Board of Directors recommends structuring the non-financial criteria of Chief Executive Officers with an equal weighting of CSR criteria compared with 2022 (i.e. 20%), common targets for General Management (5% weighting), and specific targets for the Chief Executive Officer and Deputy Chief Executive Officers (10% weighting).

The **CSR targets** will apply to all Chief Executive Officers. They are divided into four themes, all of which include quantifiable targets:

- improving the customer experience: measured based on the change in NPS for the main activities (half based on Group indicators, and half based on individual remits);
- developing the Group's priorities as a responsible employer, measured through compliance with commitments to promote women to seats on management bodies and an improved employee engagement rate (half based on Group indicators, and half based on individual remits);
- positioning in terms of extra-financial ratings;
- incorporating CSR considerations into the strategy of all Group businesses and implementing trajectories compatible with the Group's commitment to the energy and environmental transition.

Weighted at 5%, **the common targets** of General Management will concern:

- the quality of the relationships with supervisory bodies;
- improving the efficiency of the Corporate Divisions.

Regarding the targets specific to the new **Chief Executive Officer**, weighted at 10% of his annual variable remuneration, they will concern the following in 2023:

- implementing and operating the new governance;
- continuing to carry out strategic projects and the market's perception.

The targets of the Deputy Chief Executive Officers will be published once the individual remits have been determined.

Attainment of the non-financial targets is assessed based on key indicators that may be quantified either based on meeting milestones or based on a qualitative evaluation by the Board of Directors. These indicators are defined in advance by the Board of Directors. The achievement rate can be anywhere between 0 and 100%. In the event of exceptional performance, the achievement rate of some quantifiable non-financial targets can be increased to 120% by the Board of Directors, bearing in mind that the overall non-financial target achievement rate may not exceed 100%.

The maximum non-financial portion is capped at 35% of the target annual variable remuneration, the latter corresponding to 120% of annual fixed remuneration for the Chief Executive Officer and 100% for the Deputy Chief Executive Officers. For 2023, each of the Chief Executive Officers and the Deputy Chief Executive Officers will be allocated annual variable remuneration on a pro rata temporis basis resulting from the application of an annual base amount from the time the above-mentioned non-financial performance conditions have been met.

The Board of Directors reviews the financial and non-financial performance criteria each year.

SUMMARY OF THE CRITERIA FOR ANNUAL VARIABLE REMUNERATION

For General Management until 23 May 2023, the financial and non-financial targets and their respective weightings are set out in the below table.

		Chief Executive Officer	Deputy Chief Executive Officer
		Weight	**Weight**
Financial targets – 65%	**Indicators**		
For the Group	ROTE	32.5%	19.5%
	C/I ratio	32.5%	19.5%
Individual remits	GOI		8.7%
	C/I ratio		8.7%
	RONE		8.7%
TOTAL FINANCIAL TARGETS*		**65.0%**	**65.0%**
Non-financial targets – 35%			
Specific to each individual remit		35.0%	35.0%
TOTAL NON-FINANCIAL TARGETS		**35.0%**	**35.0%**

* *Subject to the application of the Core Equity Tier 1 ratio criterion (variable financial remuneration threshold criterion).*

For **General Management after 23 May 2023,** the financial and non-financial targets and their respective weightings are set out in the below table.

		General Management
		Weight
Financial targets – 65%	**Indicators**	
For the Group	ROTE	35.5%
	C/I ratio	32.5%
TOTAL FINANCIAL TARGETS*		**65.0%**
Non-financial targets – 35%		
CSR		20.0%
Common		5.0%
Specific to each individual remit		10.0%
TOTAL NON-FINANCIAL TARGETS		**35.0%**

* *Subject to the application of the Core Equity Tier 1 ratio criterion (variable financial remuneration threshold criterion).*

The non-financial targets incorporate both quantifiable targets set ex ante by the Board of Directors and more qualitative targets, such as meeting milestones in the execution of certain strategic projects.

VESTING AND PAYMENT OF ANNUAL VARIABLE REMUNERATION

With a view to strengthening the correlation between remuneration and the Group's risk appetite targets and aligning them with shareholders' interests, the vesting of at least 60% of the annual variable remuneration is deferred.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to extend the deferral period from three to five years. Accordingly, the payment of at least 60% of annual variable remuneration will be deferred for five years, pro rata. This concerns both cash payments and awards of shares or share equivalents subject to the achievement of long-term Group profitability and equity targets; the amounts awarded are reduced if targets are not met. The Board of Directors reviews the target achievement rates ahead of the definitive vesting of deferred variable remuneration. A one-year holding period (instead of six months previously) will apply after each definitive vesting date of payments in shares or share equivalents.

The value of the variable portion granted in shares or share equivalents is calculated on the basis of a share price set by the Board of Directors in March of each year and corresponding to the trade-weighted average of the twenty trading days prior to the Board Meeting. The portion of annual variable remuneration granted as share equivalents entitles the beneficiary to payment of a sum equivalent to any dividend payments made over the compulsory holding period. No dividends are paid during the vesting period.

If the Board deems that a decision taken by the Chairman of the Board of Directors and the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide not only to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause), but also to recover, for each award, all or part of the sums already distributed over a six-year period (clawback clause).

Lastly, the vesting of the deferred annual variable remuneration is also subject to a condition of presence throughout the Chief Executive Officer's current term of office. The only exceptions to this condition are as follows: retirement, death, disability, incapacity to carry out duties or removal from office due to a strategic divergence with the Board of Directors. Once the Chief Executive Officer's current term of office comes to an end, this condition of presence no longer applies. However, if the Board concludes that a decision a Chief Executive Officer took during their term of office has had particularly significant consequences for the Company's results or image, it may decide to apply either the malus or the clawback clause.

CAP

Annual variable remuneration is capped at 140% of annual fixed remuneration for the Chief Executive Officer and at 116% for the Deputy Chief Executive Officers.

Long-term incentives

GENERAL PRINCIPLES

Chief Executive Officers are awarded long-term incentives consisting of shares or share equivalents in order to involve them in the Company's long-term progress and to align their interests with those of the shareholders.

In order to comply with the AFEP-MEDEF Code's recommendations, at its meeting held each year to approve the financial statements for the previous year, the Board of Directors decides whether to award any Societe Generale shares or share equivalents to the Chief Executive Officers. The fair value of the award upon granting is proportional to the other components of their remuneration and is set in line with practices from previous years. Said fair value is based on the share's closing price on the day before the Board Meeting. The Board cannot award Chief Executive Officers long-term incentives when they leave office.

VESTING AND PAYMENT OF LONG-TERM INCENTIVES

In line with previous years, the features of the LTI plan are as follows:

- granting of shares or share equivalents;
- definitive vesting subject to a condition of presence throughout the vesting period, as well as performance conditions.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to introduce the following adjustments from the award in respect of 2023:

- the amount awarded in IFRS value will be capped at 100% of annual fixed remuneration for the Chief Executive Officer and the Deputy Chief Executive Officers (vs. 135% for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers currently);
- vesting of the long-term incentives will be subject to a new, additional condition related to profitability, which will be set by the Board of Directors of February 2024 approving the ex-post policy of corporate officers. As such, the performance conditions now cover three areas, each with an equal weighting:
  - relative performance of the Societe Generale share, as measured by the increase in total shareholder return (TSR),
  - CSR performance, and
  - target related to the Group's future profitability;
- long-term incentives will be awarded in a single instalment (instead of two instalments previously), with a vesting period of five years (instead of four and six years), followed by a one-year holding period after vesting; shares or share equivalents will be granted in this respect;
- definitive vesting will remain subject to a condition of presence throughout the vesting period, but this condition will be adjusted to allow officers to retain their unvested long-term incentives on a pro rata basis in the event that their term of office is not renewed; the Board of Directors may decide not to allow this retention, depending on the circumstances of non-renewal.

The performance conditions governing vesting of LTIs are as follows:

- for 33.33% of the LTI award, the relative performance of the Societe Generale share, as measured by the increase in total shareholder return (TSR) compared with that for 11 comparable European banks[1] over the full vesting period. Consequently, the full amount of shares or share equivalents will only vest if Societe Generale's TSR falls in the first quartile of the sample panel. If it falls slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted. No shares or share equivalents will vest if the TSR performance is below the median value (the complete vesting chart is shown below);

(1) The panel is selected on the date of the Board of Directors' meeting at which the award is decided. For example, the panel for the 2022 LTI awarded in 2023 comprised: Barclays, BBVA, BNP Paribas, Crédit Agricole SA, Crédit Suisse, Deutsche Bank, Intesa, Nordea, Santander, UBS and UniCredit.

- for 33.33% of the LTI award, the Group's future profitability;
- for 33.33% of the LTI award, CSR performance related to implementing trajectories compatible with the Group's commitments to aligning its lending portfolios with the Paris Agreement; the Board will determine the target for awards made in 2024 in respect of 2023;
- if the Group is not profitable in the year preceding the definitive vesting of long-term incentives, no payment will be made, regardless of the Societe Generale share performance, the Group's CSR performance, and achievement of the Group's future profitability target;
- the Board of Directors reviews the satisfaction of the performance conditions ahead of the vesting of any long-term incentives.

Definitive vesting is subject to a condition of presence in the Group as an employee or in an executive position throughout the vesting period. However, and subject to the faculty for the Board of Directors to decide to make an exception under special circumstances:

- in the event of death, disability or incapacity, the shares will be retained and full payments made;
- if a beneficiary retires or leaves due to a change of control, the shares will be retained and full payments made, provided the Board of Directors is satisfied that the performance conditions have been met;
- if a beneficiary leaves the Group due to changes in its structure or organisation, or due to their term of office not being renewed (except where the Board deemed their performance to be inadequate), payments will be made on a pro rata basis according to the time spent in office compared to the overall vesting period, provided the Board of Directors is satisfied that the performance conditions have been met.

Lastly, a "malus" clause also applies to the beneficiaries' long-term incentives. Accordingly, if the Board deems that a decision made by the Chief Executive Officers has had particularly significant consequences on the Company's results or image, it may decide to reconsider payment of the long-term incentives in full or in part.

The complete vesting chart based on the relative performance of the Societe Generale share is shown below:

SG Rank	Ranks 1*-3	Rank 4	Rank 5	Rank 6	Ranks 7-12
% of the maximum number awarded	100%	83.3%	66.7%	50%	0%

* *The highest rank in the panel.*

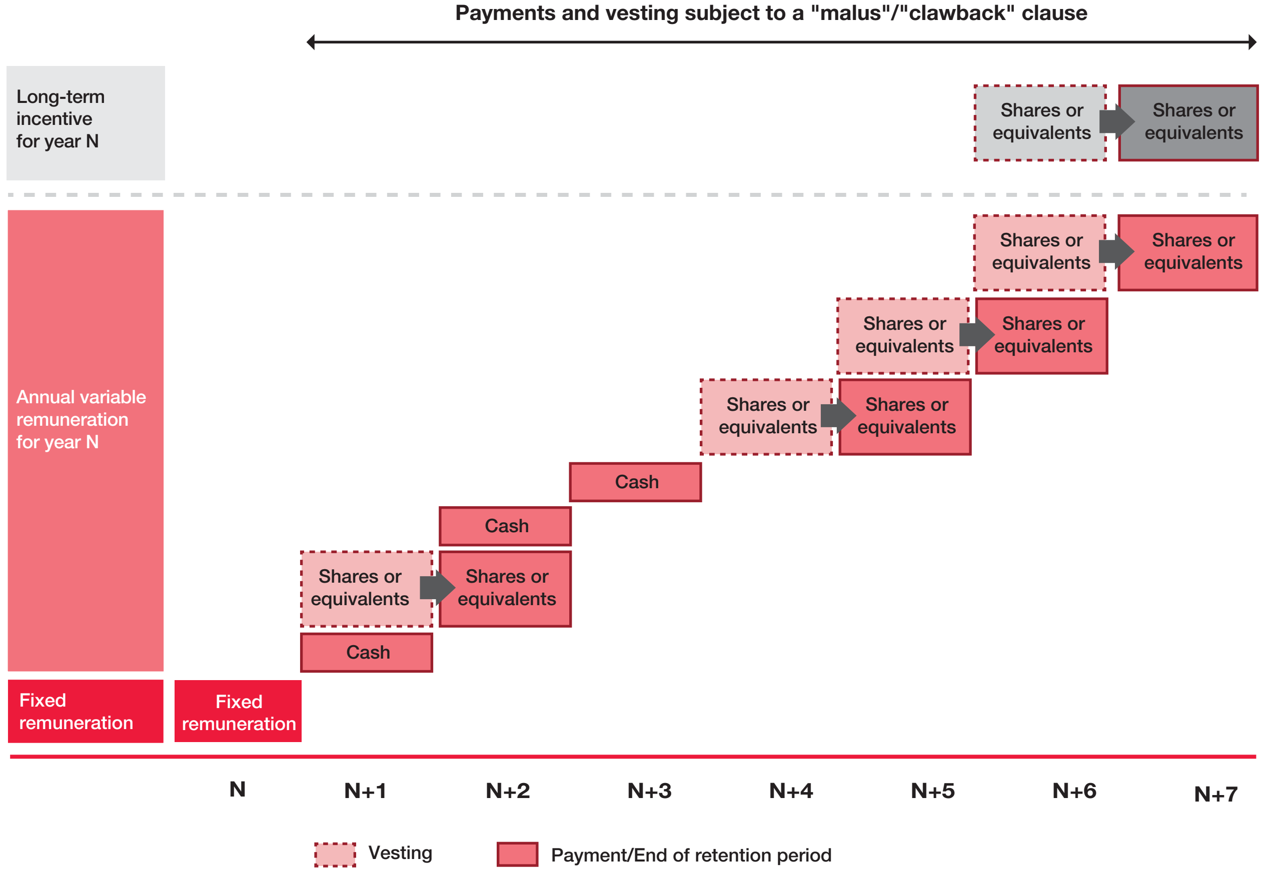
CAP

The Board of Directors on 8 March 2023 capped the total amount of long-term incentives awarded in IFRS value at 100% of the annual fixed remuneration for Chief Executive Officers.

This cap applies in addition to the cap on the definitive vesting value of shares or payment value of share equivalents. Said value is capped at an amount corresponding to a multiple of the net asset value per Societe Generale Group share at 31 December of the year in respect of which the LTIs were awarded.

In compliance with current regulations, the total variable component (i.e. annual variable remuneration plus long-term incentives) is in all events capped at 200% of the fixed component.

TOTAL REMUNERATION – TIMING OF PAYMENTS



CONDITIONS GOVERNING THE DEPARTURE OF FRÉDÉRIC OUDEA

On the advice of the Nomination and Corporate Governance Committee and following the recommendations of the Compensation Committee, the Board of Directors during its meeting of 12 January 2023 examined the implications of the end of Chief Executive Officer Frédéric Oudéa's term of office on 23 May 2023, following his decision not to seek the renewal of his term, announced at the General Meeting of 17 May 2022.

The fixed remuneration for Frédéric Oudéa in respect of his term as Chief Executive Officer will be paid until 23 May 2023 (included).

Subject to approval of the General Meeting of 23 May 2023, Frédéric Oudéa will receive annual variable remuneration in respect of 2022 as decided by the Board of Directors on 7 February 2023, in accordance with the policy approved by the General Meeting of 17 May 2022.

The annual variable remuneration awarded for the period from 1 January 2023 to the date of the General Meeting of 23 May 2023 will be decided by the Board of Directors in accordance with the provisions of the 2023 ex ante policy and in line with the usual performance evaluation schedule for corporate officers. It will be subject to shareholders' approval.

Regarding the unvested deferred annual variable awarded in respect of 2020 and 2021, the condition of presence will no longer be applicable after the end of Frédéric Oudéa's term of office as Chief Executive Officer in May 2023, in accordance with the policy approved by the General Meeting, which provides that this condition only applies until the date of expiry of the current term of office. The other conditions, in particular the performance conditions and the payment schedule, will remain in force.

Frédéric Oudéa will not be awarded any long-term incentives in respect of 2022 and 2023, as no such award may be made when an executive officer leaves the Group, in accordance with the policy and with the recommendations of the AFEP-MEDEF Code.

Regarding the long-term incentives awarded in respect of previous years – considering that Frédéric Oudéa will remain in the Group following his appointment to the ALD Board of Directors (effective as from 7 February 2023) – the Board of Directors observed that the condition of presence will be vérified for the duration of his continued work in the Group as Director of ALD. Nonetheless, considering the voting policies of the company's major shareholders, the Board of Directors states that for each award, the shares not yet vested will vest in proportion to the time that has lapsed between the award date and the expiry date of Frédéric Oudéa's term of office as Chief Executive Officer, i.e. 23 May 2023. The end of Frédéric Oudéa's term of office at ALD would not affect this decision. All the other conditions laid down in the remuneration policy remain in force.

Frédéric Oudéa is bound by a non-compete clause for a period of six months from the date on which he leaves office as Chief Executive Officer. The Board of Directors decided that this clause, which provides that Frédéric Oudéa may not be appointed Chief Executive Officer in a competing bank, should be strictly enforced, since Frédéric Oudéa does not meet the conditions to retire. Accordingly, Frédéric Oudéa will receive his fixed monthly salary throughout the application of this clause.

The end of Frédéric Oudéa's term of office as Chief Executive Officer will not give rise to any severance pay. Frédéric Oudéa is not entitled to any supplementary pension benefits from Societe Generale.

POST-EMPLOYMENT BENEFITS: PENSION, SEVERANCE PAY, NON-COMPETE CONSIDERATION

Pension

Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009. Accordingly, he is no longer entitled to any supplementary pension benefits from Societe Generale.

SUPPLEMENTARY "ARTICLE 82" PENSION

The Company set up a supplementary defined contribution "Article 82" pension scheme for Management Committee members, including the Deputy Chief Executive Officers. The scheme took effect on 1 January 2019. The new Chief Executive Officer's employment contract will be suspended, and he will remain eligible for this pension scheme, from which he benefited prior to his appointment.

Under the scheme, the Company pays a yearly contribution into an individual Article 82 pension account opened in the name of the eligible beneficiary, calculated on the portion of their fixed remuneration exceeding four annual French Social Security ceilings. The accumulated rights will be paid at the earliest on the date on which the beneficiary draws their French state pension.

The rate set for the Company's contribution is 8%.

As required by law, the yearly contributions are subject to a performance condition, i.e. they will only be paid in full if the achievement rate of the variable remuneration performance conditions for that same year allow for payment of at least 80% of the target annual variable remuneration. No contribution will be paid for performance awarded less than 50% of the target annual variable remuneration. For performance awarded between 80% and 50% of the target annual variable remuneration, the contribution paid for the year is calculated on a straight-line basis.

VALMY PENSION SAVINGS SCHEME (FORMERLY IP-VALMY SCHEME)

The current Deputy Chief Executive Officers and the new Chief Executive Officer are still entitled to the defined contribution supplementary pension scheme to which they contributed as employees prior to becoming Chief Executive Officers.

This defined contribution scheme (the Épargne Retraite Valmy, i.e. Valmy pension savings scheme) was set up in 1995 in line with Article 83 of the French General Tax Code and amended on 1 January 2018. The scheme is compulsory for all employees with more than six months' seniority in the Company and allows them to save for their retirement. Upon retirement, their savings are converted into life annuities. Total contributions correspond to 2.25% of the employee's remuneration, capped at four annual French Social Security ceilings, of which the Company pays 1.75% (i.e. EUR 2,880 based on the 2022 annual French Social Security ceiling). This scheme is insured with Sogécap.

SENIOR MANAGEMENT SUPPLEMENTARY PENSION

No further rights were awarded after 31 December 2019.

Until 31 December 2019, Philippe Aymerich and Diony Lebot(1) were entitled to the senior management supplementary pension scheme from which they had benefited as employees before being appointed to their Chief Executive Officer positions.

As required by law, the annual increase in supplementary pension benefits was subject to a performance condition.

This supplementary scheme, which was introduced in 1991 and satisfied the requirements of Article L. 137-11 of the French Social Security Code, applied to top-level executives appointed after this date.

The scheme, which was revised(2) on 17 January 2019, was permanently closed on 4 July 2019 and no further rights were awarded after 31 December 2019, pursuant to Order No. 2019-697 of 3 July 2019 in respect of corporate supplementary pension schemes. The Order prohibited the affiliation of any new beneficiaries to schemes under which pension rights are conditional upon the beneficiary still working for the Company when they reach retirement, as well as the award of such conditional pension rights to any existing beneficiaries for periods worked after 2019.

The total rights accumulated when existing beneficiaries draw their pension will therefore consist of the sum of their rights frozen at 31 December 2018 and the minimum rights constituted between 1 January 2019 and 31 December 2019. These rights will be reassessed according to the change in value of the AGIRC point between 31 December 2019 and the date on which the beneficiary draws their pension. Such rights are conditional upon the beneficiary still working at Societe Generale when they reach retirement. They are pre-financed with an insurance company.

Sums payable upon leaving the Group

The conditions governing the departure of the Chief Executive Officer or the Deputy Chief Executive Officers from the Group are defined in accordance with market practices and comply with the AFEP-MEDEF Code.

NON-COMPETE CLAUSE

The Chief Executive Officers (Frédéric Oudéa, Philippe Aymerich and Diony Lebot(3)) have all signed a non-compete clause in favour of Societe Generale, valid for a period of six months from the date on which they leave office. The clause prohibits them from accepting a position at the same level with any listed credit institution in Europe (defined as the European Economic Area, including the United Kingdom) or any credit institution whatsoever in France, whether listed or unlisted. In exchange, they may continue to receive their gross fixed monthly salary over said six-month period.

The Board of Directors alone can waive said clause within fifteen days of the date on which the Chief Executive Officer in question leaves office. In such a case, no sums will be payable to he Chief Executive Officer in this respect.

If the departing officer breaches their non-compete clause, they will be required to pay forthwith a sum equal to six months' fixed remuneration. Societe Generale will in such circumstances be released from its obligation to pay any financial consideration and may furthermore claim back any consideration that may have already been paid since the breach.

In accordance with Article 25.4 of the AFEP-MEDEF Code, no payments will be made under the non-compete to any Chief Executive Officer leaving the Company within six months of drawing their pension or beyond the age of 65.

These clauses remain unchanged and will be enforced until 23 May 2023.

(1) Related-party commitments for Philippe Aymerich and Diony Lebot were approved by the General Meeting of 21 May 2019.
(2) The modified pension related-party commitments for all Deputy Chief Executive Officers were also approved by the General Meeting of 21 May 2019.
(3) Related-party commitment for Frédéric Oudéa, approved by the General Meeting of 23 May 2017 and renewed further to amendment at the General Meeting of 21 May 2019. Related-party commitments for Philippe Aymerich and Diony Lebot were approved and renewed further to amendment by the General Meeting of 21 May 2019.

As recommended by the Compensation Committee, the Board of Directors on 8 March 2023 decided to extend the scope and term of the non-compete clause applicable to the Chief Executive Officers appointed as of 23 May 2023.

As is standard practice for financial institutions, the new Chief Executive Officers will all sign a non-compete clause in favour of Societe Generale, valid for a period of twelve months from the date on which they leave office. This clause prohibits them from accepting a general management position in or sitting on the executive committee of a credit institution, in France or abroad, whose securities are admitted to trading on a regulated market, or a general management position in a credit institution in France. In exchange, they may continue to receive their gross fixed monthly salary over said twelve-month period.

The Board of Directors alone can waive said clause within fifteen days of the date on which the Chief Executive Officer in question leaves office. In such a case, no sum will be payable to the Chief Executive Officer in this respect.

If the departing officer breaches their non-compete clause, they will be required to pay forthwith a sum equal to twelve months' fixed remuneration. Societe Generale will in such circumstances be released from its obligation to pay any financial consideration and may furthermore claim back any consideration that may have already been paid since the breach.

In accordance with Article 25.4 of the AFEP-MEDEF Code, no payments will be made under the non-compete to any Chief Executive Officer leaving the Company within six months of drawing their pension or beyond the age of 65.

SEVERANCE PAY

The Chief Executive Officers are entitled to severance pay in respect of their positions.

The conditions governing their severance pay are as follows:

- severance pay will only be owed in the event of non-voluntary departure from the Group, confirmed as such by the Board of Directors. No severance pay will be owed in the event of serious misconduct, resignation or non-renewal of a Chief Executive Officer's appointment for any reason;
- severance pay will be contingent upon an overall achievement rate for the annual variable remuneration targets of at least an average of 60% over the three years prior to the Chief Executive Officer leaving office (or over the duration of their term of office if less than three years);
- the sum paid will represent two years' fixed remuneration, in line with the AFEP-MEDEF Code's recommendation, i.e. two years' fixed remuneration plus variable remuneration;
- no severance pay will be owed to the Chief Executive Officer or a Deputy Chief Executive Officer if they leave office within six months of drawing their French state pension, or if they are entitled to a full state pension upon their departure (in accordance with Article 26.5.1 of the AFEP-MEDEF Code);
- in accordance with Article 26.5.1 of the AFEP-MEDEF Code, the Board of Directors reviews the Company's situation and the performance of each Chief Executive Officer ahead of any decisions on severance pay, in order to confirm that neither the Company nor the Chief Executive Officer is failing to perform.

Under no circumstances may the severance pay and non-compete clause combined exceed the cap recommended in the AFEP-MEDEF Code (i.e. two years' fixed plus annual variable remuneration including, where applicable, any other severance payments provided for under an employment contract – in particular any contractual redundancy pay). This cap is calculated on the basis of the fixed and annual variable remuneration awarded over the two years preceding severance.

OTHER BENEFITS FOR CHIEF EXECUTIVE OFFICERS

The Chief Executive Officers each have their own company car, which is available for private as well as professional use, and insurance providing the same health and death/disability cover as for employees.

Exceptional variable remuneration

Societe Generale does not generally award exceptional variable remuneration to its Chief Executive Officers. However, in light of legislation requiring prior approval of all aspects of the remuneration policy, the Board of Directors reserves the right to pay additional variable remuneration if warranted in certain highly specific situations, for example, due to the corresponding impact on the Company, or the level of commitment and challenges involved. Grounds for such remuneration would need to be given and said remuneration would be set in accordance with the general principles of the AFEP-MEDEF Code on remuneration, as well as with the recommendations of the French Financial Markets Authority (Autorité des marchés financiers – AMF).

It would be paid on the same terms as the annual variable remuneration, i.e. partially deferred over a period of three years, and subject to the same vesting conditions.

In compliance with current regulations, the total variable component (annual variable remuneration, long-term incentives and any exceptional variable remuneration) is in any event capped at 200% of the fixed component.

APPOINTMENT OF A NEW CHAIRMAN OF THE BOARD OF DIRECTORS OR CHIEF EXECUTIVE OFFICER

As a rule, the remuneration components and structure described in this remuneration policy also apply to any new Chairman of the Board of Directors or Chief Executive Officer appointed whilst said policy remains in effect, according to their remit and experience. The same principle will also apply to all other benefits granted to the Chairman of the Board of Directors or the Chief Executive Officers (e.g. supplementary pension, health and disability insurance, etc.).

The Board of Directors is therefore responsible for setting the fixed remuneration of the incoming Chairman of the Board or that of the Chief Executive Officers in light of these conditions, and in line with the remuneration awarded to the existing Chairman and Chief Executive Officers and in accordance with the practices of comparable European financial institutions.

Lastly, should the incoming Chairman of the Board or Chief Executive Officer be selected from outside the Societe Generale Group, they may be awarded a hiring bonus designed to act as compensation for any remuneration they may have forfeited upon leaving their previous employer. This bonus would vest on a deferred basis and would be conditional upon the satisfaction of performance conditions similar to those applicable to the officers' deferred variable remuneration.

DIRECTORS' REMUNERATION

The total remuneration awarded to Directors is approved by the General Meeting. Since 2018, the total remuneration awarded to Directors has been EUR 1,700,000.

The Chairman of the Board and the Chief Executive Officer do not receive any remuneration as Board members.

The rules governing this remuneration and its breakdown between the Directors are defined under Article 18 of the Internal Rules of the Board of Directors (see Chapter 7) and detailed on page 105.

Total remuneration and benefits for the Chairman of the Board of Directors and Chief Executive Officers paid in or awarded in respect of 2022

Report submitted to the approval of the shareholders pursuant to Article L. 22-10-34(I) of the French Commercial Code.

The Chairman of the Board's and Chief Executive Officers' remuneration for 2022 complies with the remuneration policy approved by the General Meeting of 17 May 2022.

The remuneration policy, the performance criteria used to establish the annual variable remuneration and the terms governing the attribution of long-term incentives are defined in accordance with the principles set out at the beginning of this chapter.

RESOLUTIONS PASSED AT THE GENERAL MEETING OF 17 MAY 2022

At the General Meeting of 17 May 2022, resolutions 5 and 6 concerning the remuneration policy applicable to the Chairman of the Board of Directors and Chief Executive Officers over the coming years, were adopted by majorities of 94.33% (for the resolution regarding the Chairman of the Board) and 90.13% (for the resolution regarding the Chief Executive Officers).

Resolutions 9 to 12 regarding the Chairman of the Board's and Chief Executive Officers' remuneration paid in or awarded in respect of 2021 were adopted by majorities of 94.11% (for the resolution regarding the Chairman of the Board) and between 89.96% and 90.16% (for the resolution regarding the Chief Executive Officers). Lastly, Resolution 8 regarding the application of the remuneration policy for 2021, including in particular the regulatory pay ratios, was approved by a majority of 91.47%.

REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

Lorenzo Bini Smaghi's annual remuneration was set at EUR 925,000 for the duration of his term of office by the Board of Directors on 7 February 2018 and approved at the AGM held on 23 May 2018. This remuneration remained unchanged when his term of office as Director and as Chairman was renewed at the General Meeting of 17 May 2022.

He does not receive variable remuneration, remuneration as a Director, securities or any compensation contingent on the performance of Societe Generale or the Group.

He is provided with company accommodation for the performance of his duties in Paris.

The amounts paid during 2022 are shown in the table on page 143.

REMUNERATION OF GENERAL MANAGEMENT

The remuneration policy for the Chief Executive Officers ensures the payment of balanced remuneration, taking into account the expectations of the various stakeholders.

Fixed remuneration for 2022

The Chief Executive Officers' fixed remuneration remained unchanged in 2022. It amounted to EUR 1,300,000 for the Chief Executive Officer and EUR 800,000 for each Deputy Chief Executive Officer.

Annual variable remuneration for 2022

PERFORMANCE CRITERIA AND ASSESSMENT FOR 2022

At its meeting of 17 May 2022, authorised by the General Meeting, the Board of Directors defined the evaluation criteria for annual variable remuneration for 2022, 60% of which is contingent on the achievement of financial targets, and 40% on the achievement of non-financial targets.

Financial portion

The achievement of financial targets is weighted at 60% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

The criteria used include the following:

- for the Chief Executive Officer, 100% of the criteria are Group indicators;
- for the Deputy Chief Executive Officers, they are broken down as follows:
  - 60% for Group performance indicators, and
  - 40% for indicators concerning each Deputy Chief Executive Officer's individual remit.

The individual remits are described in the Governance section, on page 105.

These targets reflect compliance with the predefined budgets. The Board of Directors excludes from its calculations any components it deems exceptional:

- compliance with the budgetary target equates to an achievement rate of 80%;
- for each performance target, the budgetary target is guided by:
  - a high point defined *ex ante* by the Board of Directors and allowing for an achievement rate of 100%,
  - a low point defined *ex ante* by the Board of Directors corresponding to an achievement rate of 40% and below which the achievement rate is considered zero.

The achievement rate of each target is defined on a straight-line basis between these limits.

The financial criteria for the Group are the return on tangible equity (ROTE), the Core Equity Tier 1 (CET1) ratio and the cost-to-income (C/I) ratio, with an equal weighting for each indicator.

The financial criteria for remits involving specific responsibilities are gross operating income, Return on Normative Equity (RONE) and the cost-to-income ratio of each Deputy CEO's individual supervisory remit, with an equal weighting for each indicator.

These indicators reflect targets for operational efficiency and risk management for each area, as well as value creation for the shareholders. Covering both financial and operational aspects, these indicators are directly related to the Group's strategy and reflect compliance with the predefined budgets. The Board of Directors excludes from its calculations any components it deems exceptional.

The financial portion is capped at 60% of the maximum annual variable remuneration, with the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

Achievement of financial targets in 2022

The year 2022 was characterised by excellent performance in the businesses. Up 9.3%, revenues were at an all-time high, driven in particular by record levels in Financing and Advisory, Financial Market Activities and ALD, and by strong growth in Private Banking and International Retail Banking, along with solid performance by French Retail Banking.

The Group's underlying **cost-to-income ratio** saw a strong improvement (61.0% compared with 64.4% in 2021), excluding the Single Resolution Fund (SRF) contribution. It was better by more than 600 basis point than budgeted and announcements made to the market at the beginning of 2022.

Underlying Group net income was EUR 5.6 billion and EUR 2.0 billion on a reported basis after the impact of the disposal of Rosbank and its insurance subsidiaries in Russia in Q2 2022. **Underlying ROTE** stood at 9.6%, *i.e.* higher than the budgeted ROTE.

The Board of Directors decided to use 6.1% as performance indicator for the ROTE criterion Group-wide. This rate corresponds to underlying ROTE, reduced by the impact of the Rosbank disposal (excluding currency effects related to this disposal). This 6.1% ROTE is lower than the budgeted ROTE. This decision by the Board of Directors ensures the remuneration of corporate officers is better aligned with that of shareholders.

The **phased-in CET1 Ratio** was 13.5% at the end of 2022, *i.e.* about 420 basis points above the regulatory requirement and above the CET 1 threshold set at the start of the year for the attribution of the maximum variable remuneration.

Owing to the strong performance in all the Group's businesses, as detailed in the financial communication, the financial indicators were established well above the budgets set at the start of the year for each Chief Executive Officer's specific remit and the upper thresholds for each of the criteria.

These results are summarised in the table on page 127.

Non-financial portion

Of the non-financial targets set, 20% are CSR targets shared between all three Chief Executive Officers, and 20% are specific to their individual remits. The non-financial portion is capped at 40% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

These targets are assessed on the basis of certain key questions defined in advance by the Board of Directors. The achievement rate can be anywhere between 0 and 100% of the maximum non-financial portion. In the event of exceptional performance, the achievement rate of some quantifiable non-financial targets can be increased to 120% by the Board of Directors, bearing in mind that the overall non-financial target achievement rate may not exceed 100%. The respective weightings for each target are likewise defined in advance.

The non-financial portion is capped at 40% of the maximum annual variable remuneration, the latter corresponding to 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

Achievement of non-financial targets in 2022

- **The Board's assessment of the Chief Executive Officers' collective CSR targets**

The CSR targets are divided into four themes, all of which include quantifiable targets:

Collective targets - CSR	20% of the total variable
Improving the customer experience: measured based on the change in NPS for the main activities	5%
Developing our priorities as a responsible employer: measured through compliance with our commitments to promote women to seats on management bodies and an improved employee engagement rate	5%
Positioning in terms of extra-financial ratings	5%
Incorporating CSR considerations into the strategy of all Group businesses and implementing trajectories compatible with the Group's commitment to the energy and environmental transition	5%

Having received the Compensation Committee's recommendations, the Board of Directors took into account the following achievements when assessing the non-financial targets.

The quality of the customer experience, measured by the change in Net Promoter Score (NPS) for the Group's main activities, has improved overall with an increase in the majority of measurements. NPS levels for the Societe Generale and Crédit du Nord networks were stable despite complex merger preparations. The Board noted the improved Net Promoter Scores for International Retail Banking and very high absolute NPS levels for Global Banking and Investor Solutions, reflecting a sharp increase.

As for the **responsible employer target**, the Board of Directors observed that the number of women in senior management is increasing at a pace consistent with the trajectory regarding the proportion of women in the Management Committee (27% at end-2022 *vs.* 25% at end-2021, working towards a target of 30% at end-2023) and in key Group positions (26% at end-2022 *vs.* 25% at end-2021, working towards a target of 30% at end-2023).

The Board of Directors noted a relatively stable employee engagement rate despite the Group's robust transformation. The Board of Directors noted as part of its assessment that the managerial lines have stepped up their level of engagement, which is now very robust.

The Board of Directors observed that the **positioning of the main extra-financial ratings** (S&P Global CSA, Sustainalytics and MSCI) remained aligned with or even surpassed expectations in 2022:

- the S&P CSA rating, updated in June 2022, was 79/100. The Bank was ranked among the Top 6% of 242 banks (*vs.* Top 7% last year);
- the Sustainalytics rating for 2022 was 20.1/100, an improvement on 2021. Societe Generale was ranked among the Top 14% of 415 banks;
- this year, the Group was ranked in the top 5% of 191 banks, with an AAA rating for MSCI.

The Board of Directors observed that **ESG considerations were better integrated** into the businesses' strategic roadmaps, which this year concerned in particular investment banking, bank insurance, private banking, wealth management, and compliance activities. CSR issues were also worked into high-stakes acquisitions, such as the ALD/LeasePlan merger.

The Board of Directors considered that the Group implemented **trajectories compatible with its commitment** to the energy and environmental transition.

The Group committed to raising EUR 250 billion for the energy and environmental transition between 1 January 2021 and 31 December 2025. In this respect, the total amount raised through sustainable bond issues and transactions devoted to the renewable energies sector was EUR 141 billion at the end of Q3 2022.

The target of reducing the Group's overall exposure to the oil and gas extraction sector was strengthened in October 2022, over a three-year horizon, as the previous target has been far exceeded. The target of reducing the Group's own CO_2 emissions (-10% CO_2 emissions between 2019 and end-2022) has also been largely achieved, and the Group is ahead on the public commitment to halve carbon emissions by the end of 2030 compared with 2019.

- **The Board's assessment of the targets for each Chief Executive Officer's specific remit**

The individual non-financial targets of the Chief Executive Officers were as follows:

Individual non-financial targets	20% of the total variable
▪ **CEO**	
Continuing to deploy the strategic plans and improving the markets' perception, Securing the implementation of the Group's IT and digital transformation strategy	10%
Overseeing operation of the Group's new governance, ensuring appropriate compliance, and relationships with supervisors	10%
▪ **Deputy CEO** *responsible for the French and international networks*	
Continued growth and development of Boursorama and the international networks, operational management of the crisis linked to the situation in Ukraine and Russia	10%
Successful implementation and compliance with the milestones of the Vision 2025 project by the French networks ahead of the 2023 merger	10%
▪ **Deputy CEO** *responsible for financial services and the Sustainable Development Department*	
Meeting milestones and securing the ALD/LeasePlan transaction	10%
Fully incorporating CSR considerations into the Group's business	10%

- **Regarding the Chief Executive Officer**

The Board of Directors considered that **the target to deploy the Group's strategic plans** had been achieved.

2022 was a decisive year from a strategic perspective. ALD's acquisition of LeasePlan and the joint venture with Bernstein will help drive the Group's goal of becoming the world leader in sustainable mobility and the equity business. Boursorama's development was accelerated through the deal with ING, and significant inroads were made in the merger of our two French Retail Banking networks.

The year was also marked by the war in Ukraine, which led to the disposal of Rosbank and the deterioration of the geopolitical, economic and financial climate. In this particular context, the Board of Directors focused on assessing the strategic decisions and their implementation over and above a straightforward review of share performance.

The 2025 trajectory was shared and well received by investors. As the same time, Net Tangible Asset Value increased on the back of positive annual net income, driven in particular by the strong performance of its businesses.

In terms of **securing the implementation of the Group's IT and digital transformation strategy**, the Board of Directors considered that several major advances were achieved during the year: strengthened IT governance, implementation of consolidated monitoring, strong increase in the value created by data, and launch of the IT Efficiency programme.

The Board of Directors observed the smooth functioning of the new organisation, with the Chief Executive Officer taking direct control of supervising the Risk and Compliance functions in January 2022 and the creation of a COO position. In particular, the Board noted the positive impact of this development in terms of strengthening the Group's governance and regarding the relationship with banking supervisory authorities. The SSM welcomed the initiatives launched by the Bank, in particular the establishment of a programme to strengthen the Group's executive governance. The Board of Directors noted the Chief Executive Officer's commitment to ensuring a very smooth transition with his successor.

- **Regarding the Deputy Chief Executive Officer responsible for the French and international networks**

The Board of Directors considered that **Boursorama's** growth and profitability drivers had been consolidated by means of the very successful implementation of strategic initiatives in France to onboard new customers and finalise the transfer of individual customers following the deal with ING. It noted Boursorama's accelerated development, with record annual growth in the number of new customers: from 1.4 million to 4.7 million at the end of 2022.

European entities met the milestones of the digital transformation trajectory and far exceeded digital-related revenue targets.

African entities launched several initiatives to upgrade the operational model and information systems in order to optimise and secure transactions, strengthen the entities' digital footprint, and improve the various subsidiaries' performance.

The Board of Directors also observed that the plan to **merge the Societe Generale (BDDF) and Crédit du Nord networks** launched in January 2021 continued successfully in 2022. The milestones set out in the 2022 roadmap were met (finalisation of negotiations with social partners and of legal procedures ahead of the merger, launch of the information systems transfer). Accordingly, the legal merger of the Societe Generale and Crédit du Nord networks took place on 1 January 2023, as planned, and the new Retail Banking in France could be launched.

- **Regarding the Deputy Chief Executive Officer responsible for financial services and the Sustainable Development Department**

The Board of Directors noted that, in 2022, all the necessary steps to ensure the successful acquisition of LeasePlan by ALD were taken, in particular complying with the social calendar, receiving the necessary authorisations from the anti-trust authorities, and carrying out the capital increase.

In terms of CSR, the Board of Directors observed the progress made in terms of stepping up actions and commitments, especially by integrating ESG considerations into all the Group's activities and strengthening the decarbonisation goals. CSR issues are now systematically worked into the businesses' roadmaps and presentations to the Board of Directors. The Group's CSR strategy was presented and discussed at the AGM of May 2022.

The ESG by Design programme achieved key milestones, in particular by setting up a team dedicated to producing new ESG indicators and defining a multi-annual plan.

These results are summarised in the below table.

Indicator	Description	Weight in the total	Weighted achievement rate[1]
CSR collective targets -20%			
▪ **Customer experience**	▪ Improving the customer experience: measured based on the change in NPS for the main activities	5%	
▪ **Responsible employer**	▪ Developing the Group's priorities as a responsible employer, measured through compliance with commitments to promote women to seats on management bodies and an improved employee engagement rate	5%	
▪ **Extra-financial ratings**	▪ Positioning in terms of extra-financial ratings	5%	
▪ **Incorporating CSR considerations into the businesses**	▪ Incorporating CSR considerations into the strategy of all Group businesses and implementing trajectories compatible with the Group's commitment to the energy and environmental transition	5%	
		20.0%	**18.3%**
Targets specific to each individual remit -20%			
Frédéric Oudéa			
▪ **Strategy/Equity story**	▪ Continuing to deploy the strategic plans and improving the markets' perception		
▪ **IT and digital transformation strategy**	▪ Securing the implementation of the Group's IT and digital transformation strategy	10.0%	
▪ **New governance and relationships with supervisors**	▪ Overseeing operation of the Group's new governance, ensuring appropriate compliance, and relationships with supervisors	10.0%	
		20.0%	**18.8%**
Philippe Aymerich			
▪ **Boursorama and international developement**	▪ Continued growth and development of Boursorama and the international networks, operational management of the crisis linked to the situation in Ukraine and Russia	10.0%	
▪ **Vision 2025**	▪ Successful implementation and compliance with the milestones of the Vision 2025 project by the French networks ahead of the 2023 merger	10.0%	
		20.0%	**18.6%**
Diony Lebot			
▪ **ALD/Leaseplan**	▪ Meeting milestones and securing the ALD/LeasePlan transaction	10.0%	
▪ **CSR**	▪ Fully incorporating CSR considerations into the Group's business	10.0%	
		20.0%	**18.7%**

(1) Weighted by the respective weight of each criterion.

Based on the above, the achievement rates for each target, as approved by the Board of Directors at its meeting on 7 February 2023, are set out in the table below.

As a result, the annual variable remuneration awarded for 2022 was as follows:

- EUR 1,566,513 for Frédéric Oudéa, corresponding to financial performance of 87.1% and non-financial performance assessed by the Board of Directors at 92.5%;
- EUR 848,424 for Phillipe Aymerich, corresponding to financial performance of 92.3% and non-financial performance assessed by the Board of Directors at 92.1%;
- EUR 849,528 for Diony Lebot, corresponding to financial performance of 92.3% and non-financial performance assessed by the Board of Directors at 92.4%.

The amount of the annual variable remuneration for each Chief Executive Officer corresponds to the maximum permitted annual variable remuneration (*i.e.* 135% of fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers) multiplied by the overall target achievement rate.

2022 ANNUAL VARIABLE REMUNERATION TARGETS ACHIEVEMENT

		Frédéric Oudéa		Philippe Aymerich		Diony Lebot	
		Weight	Achievement rate	Weight	Achievement rate	Weight	Achievement rate
Financial targets – 60%							
For the Group	ROTE	20.0%	12.2%	12.0%	7.4%	12.0%	7.4%
	CET1 ratio	20.0%	20.0%	12.0%	12.0%	12.0%	12.0%
	C/I ratio	20.0%	20.0%	12.0%	12.0%	12.0%	12.0%
Individual remits(1)	GOI			8.0%	8.0%	8.0%	8.0%
	C/I ratio			8.0%	8.0%	8.0%	8.0%
	RONE			8.0%	8.0%	8.0%	8.0%
TOTAL FINANCIAL TARGETS		**60.0%**	**52.2%**	**60.0%**	**55.4%**	**60.0%**	**55.4%**
% achievement of financial targets		87.1%		92.3%		92.3%	
Non-financial targets – 40%							
CSR		20.0%	18.3%	20.0%	18.3%	20.0%	18.3%
Individual remits		20.0%	18.8%	20.0%	18.6%	20.0%	18.7%
TOTAL NON-FINANCIAL TARGETS		**40.0%**	**37.0%**	**40.0%**	**36.9%**	**40.0%**	**37.0%**
% achievement of non-financial targets		92.5%		92.1%		92.4%	
OVERALL 2022 TARGET ACHIEVEMENT RATE		**89.3%**		**92.2%**		**92.3%**	

Note: In this table, rates have been rounded for presentation purposes.
ROTE: Return on tangible equity.
CET 1: Core Equity Tier 1 ratio.
C/I ratio: Cost-to-income ratio.
GOI: Gross operating income.
RONE: Return on normative equity.
(1) The individual remits of the Chairman of the Board of Directors and the Chief Executive Officers are described in the Governance section, page 105.

ANNUAL VARIABLE REMUNERATION FOR 2022 AND RECORD OF FIXED AND ANNUAL VARIABLE REMUNERATION AWARDED TO CHIEF EXECUTIVE OFFICERS IN PREVIOUS YEARS

	Reminder of 2020 fixed + annual variable remuneration[1]			Reminder of 2021 fixed + annual variable remuneration			2022 fixed + annual variable remuneration			
(In EUR)	Fixed rem.	Annual variable rem.	Fixed and annual variable rem.	Fixed rem.	Annual variable rem.	Fixed and annual variable rem.	Fixed rem.	Annual variable rem.	as % of fixed rem.	Fixed and annual variable rem.
F. Oudéa	1,300,000	961,390	2,261,390	1,300,000	1,740,258	3,040,258	1,300,000	1,566,513	121%	2,866,513
P. Aymerich	800,000	458,896	1,258,896	800,000	883,384	1,683,384	800,000	848,424	106%	1,648,424
D. Lebot	800,000	507,656	1,307,656	800,000	910,432	1,710,432	800,000	849,528	106%	1,649,528

Note: Gross remuneration in EUR, as calculated upon award.

(1) The amounts of annual variable remuneration for 2020 are presented herein before the Chief Executive Officers decided to forego 50% of their annual variable remuneration for 2020 based on the Board of Directors' evaluation.

VESTING AND PAYMENT OF VARIABLE REMUNERATION FOR 2022

The Board of Directors has defined the following vesting and payment conditions for annual variable remuneration:

- 40% of the total amount awarded vests in March 2023 (provided it is approved by the General Meeting of 23 May 2023); half of this, converted into share equivalents, is subject to a one-year holding period;
- 60% of the total amount awarded remains unvested and breaks down into three equal sums payable over each of the next three years; two-thirds of this portion is awarded as shares, subject to two performance conditions: Group profitability and Core Tier One levels. A six-month holding period applies after each definitive vesting date.

The amount of variable remuneration granted in shares or share equivalents is converted based on a share price determined each year by the Board of Directors in March and corresponding to the trade-weighted average over the last twenty trading days prior to the Board Meeting.

Furthermore, if the Board deems that a decision taken by the Chairman of the Board of Directors and the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide not only to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause), but also to recover, for each award, all or part of the sums already distributed over a five-year period (clawback clause).

Vesting of the deferred annual variable remuneration is also subject to a condition of presence throughout the Chief Executive Officer's current term of office. The only exceptions to this condition are as follows: retirement, death, disability, incapacity to carry out duties or removal from office due to a strategic divergence with the Board of Directors.

Once the Chief Executive Officer's current term of office comes to an end, this condition of presence no longer applies. However, if the Board concludes that a decision a Chief Executive Officer took during their term of office has had particularly significant consequences for the Company's results or image, it may decide to apply either the malus or the clawback clause.

The portion of annual variable remuneration granted as share equivalents entitles the beneficiary to payment of a sum equivalent to any dividend payments made over the compulsory holding period. No dividends are paid during the vesting period.

Any remuneration received by Deputy Chief Executive Officers in respect of their duties as Directors within Group companies is deducted from their variable remuneration. The Chief Executive Officer does not receive any remuneration for Directorships.

ANNUAL VARIABLE REMUNERATION – DEFERRED PORTION PERFORMANCE CONDITIONS

Cumulative terms	Proportion of the unvested award	Trigger level/Cap 100% achievement rate
Group profitability	100%	Group profitability for the year preceding vesting > 0
Equity levels (CET 1 ratio)	100%	CET1 ratio for the year preceding vesting > minimum threshold set

ANNUAL VARIABLE REMUNERATION PAID IN FINANCIAL YEAR 2022

In 2022, the Chief Executive Officers received annual variable remuneration in respect of financial years 2018, 2019, 2020 and 2021, as previously approved by the General Meetings of 21 May 2019 (Resolutions 17 to 21), 19 May 2020 (Resolutions 10 to 14), 18 May 2021 (Resolutions 10 to 14) and 17 May 2022 (Resolutions 10 to 12) respectively. For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2022 and was satisfied that they had been met. Details of the overall sums, individual amounts paid, the applicable performance conditions and the level of their achievement are given in the tables on pages 134-142 and in Table 2 on page 144.

LONG-TERM INCENTIVES FOR FINANCIAL YEAR 2022

In accordance with the remuneration policy approved by the General Meeting of 17 May 2022, the amounts and principles of the long-term incentive plan from which the Chief Executive Officers have benefited since 2012 has been renewed. The purpose of the plan is to involve the Chief Executive Officers in the Company's long-term progress and align their interests with those of the shareholders.

The total amount of long-term incentives awarded (as valued under IFRS) is capped at the same level as their annual variable remuneration. Frédéric Oudéa's long-term incentives are therefore capped at 135% of his annual fixed remuneration. For the Deputy Chief Executive Officers, the cap is 115% of their annual fixed remuneration.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration plus long-term incentives) is in any event capped at 200% of the fixed component[(1)].

On this basis, and in line with previous years, the Board of Directors decided, at its meeting of 7 February 2023 (subject to the approval of the General Meeting on 23 May 2023, in accordance with Article L. 22-10-34 (II) of the French Commercial Code), to implement an incentives plan for financial year 2022 as follows:

- award value unchanged over time (under IFRS). The corresponding number of shares was calculated on the basis of the Societe Generale share's book value at 6 February 2023;
- shares granted in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the total indexing periods to five and seven years;
- definitive vesting subject to a condition of presence throughout the vesting periods, as well as performance conditions.

Accordingly, the vesting of the long-term incentives will depend on:

- for 80% of the LTI award, the relative performance of the Societe Generale share, as measured by the increase in total shareholder return (TSR) compared with that for 11 comparable European banks over the full vesting periods. Consequently, the full number of shares or share equivalents will only vest if Societe Generale's TSR falls in the first quartile of the sample panel. If it falls slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted. No shares or share equivalents will vest if the TSR performance is below the median value (the complete vesting chart is shown below);
- for 20% of the LTI award, the Group's relative CSR performance. Half (10%) is conditional on the Group's compliance with its energy transition financing commitments and the other half (10%) on its positioning within the main extra-financial ratings (S&P Global Corporate Sustainability Assessment, Sustainalytics and MSCI).

In terms of the energy transition financing criterion in respect of the financed energy mix, the target under the LTI plan for 2022 is related to the Group's commitment to contribute EUR 300 billion to sustainable finance between 1 January 2021 and 31 December 2025 through:

- sustainable bond issues; or
- financing that includes: SPIF (sustainable and positive impact finance) transactions, consulting on SPIF mandates, sustainability-linked transactions and the financing of electric vehicles;
- the vesting would be 100% if the target is reached. If the target is not reached, the vesting would be nil.

For the criterion based on external extra-financial ratings, the vesting rate will be defined as follows:

- 100% vesting if the three criteria are verified over the observation period of three years following the allocation year (namely the 2024, 2025 and 2026 positions/ratings);
- 2/3 vesting if on average two criteria are verified over the observation period of three years following the award year.

For the three extra-financial ratings used, the criterion is verified if the following expected level is met:

- S&P Global CSA: be in the 1st quartile;
- Sustainalytics: be in the 1st quartile;
- MSCI: Rating ≥ A.

For ratings that are adjusted over the year, the rating applied will be that allocated at the annual review. Changes may be made to the panel of ratings considered if justified in light of developments in the extra-financial ratings sector.

If the Group is not profitable in the year preceding the definitive vesting of long-term incentives, no payment will be made, regardless of the Societe Generale share performance and the Group's CSR performance.

(1) *After application of the discount rate for variable remuneration awarded as instruments deferred for five years or more, pursuant to Article L. 511-79 of the French Monetary and Financial Code, where applicable.*

LONG-TERM INCENTIVES FOR FINANCIAL YEAR 2022 – PERFORMANCE CONDITIONS

Criteria	Proportion of the unvested award	Trigger level		Cap	
		Performance	% of vesting of the initial award	Performance	% of vesting of the initial award
Relative performance of the Societe Generale share	80%	Positioning Ranked 6th in Panel	50%(1)	Positioning Ranked 1st-3rd in Panel	100%(1)
Energy transition financing	10%	EUR 300 billion contribution to sustainable finance	100%(2)	EUR 300 billion contribution to sustainable finance	100%(2)
Positioning in the extra-financial ratings	10%	Two positioning criteria are checked	66.7%(2)	Three positioning criteria are checked	100%(2)

(1) The complete vesting chart is shown below.

(2) See breakdown above.

Subject to Group profitability in the year preceding the definitive vesting of the long-term incentives.

The complete vesting chart based on the relative performance of the Societe Generale share is shown below:

SG Rank	Ranks 1*-3	Rank 4	Rank 5	Rank 6	Ranks 7-12
% of the maximum number awarded	100%	83.3%	66.7%	50%	0%

* *The highest rank in the panel.*

The 2023 peer panel comprises the following financial institutions: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and UniCredit.

The final payment value for the shares will be capped at EUR 84 per share, *i.e.* approximately 1.2 times the net asset value per Societe Generale Group share at 31 December 2022.

Vesting is subject to a condition of continued presence throughout all vesting periods. The payment plan will be cancelled in the event of early departure from the Group, except for retirement, departure of a Chief Executive Officer from the Group related to the change of control or for reasons related to the change in Group structure or its organisation, and in the event of death, disability or incapacity:

- in the event of death, disability or incapacity, the shares will be retained and full payments made;
- if a beneficiary retires or leaves due to a change of control, the shares will be retained and full payments made subject to the Board's assessment and findings on performance;
- if a beneficiary leaves the Group due to changes in its structure or organisation, payments will be made on a *pro rata* basis according to the time spent in office compared to the overall vesting period and after the Board's assessment and findings on performance.

Lastly, a "malus" clause also applies to the beneficiaries' long-term incentives. Accordingly, if the Board finds conduct or actions that fall short of Societe Generale's expectations, in particular as defined in the Group's Code of Conduct, or finds risk-taking which exceeds a level deemed acceptable by Societe Generale, it may decide to withhold payment of the long-term incentives in full or in part.

In compliance with current regulations, the total variable component (*i.e.* annual variable remuneration plus long-term incentives) is capped at the regulatory limit of 200% of the fixed component[1].

Insofar as the ratio between the total variable component and the fixed remuneration for 2022 exceeds the regulatory ratio for the Deputy Chief Executive Officers, the Board of Directors adjusted the amount attributable and reduced the number of shares awarded under the long-term incentive plan in order to comply with this ratio.

The applicable compensation policy provides that no long-term incentives may be awarded to a Chief Executive Officer when they leave office, in accordance with the provisions of Article 26.5.1 of the AFEP-MEDEF Code.

Accordingly, no long-term incentive will be awarded to F. Oudéa for 2022, considering the non-renewal of his term of office, which will end on 23 May 2023. No long-term incentive will be awarded to the Deputy Chief Executive Officers if their term of office, ending on 23 May 2023, is not renewed.

(1) After application of the discount rate for variable remuneration awarded as instruments deferred for five years or more, pursuant to Article L. 511-79 of the French Monetary and Financial Code, where applicable.

The table below indicates the book value of the long-term incentives and the maximum corresponding number of shares for each of the Chief Executive Officers in respect of 2022, after adjustments were made by the Board of Directors:

			Long-term incentives awarded in 2022 (as adjusted by the Board of Directors)	
	Amount attributable in book value (IFRS)(1)	Maximum number of shares attributable(2)	Amount attributable in book value (IFRS)(1)	Maximum number of shares attributed(2)
Frédéric Oudéa	N/A	N/A	N/A	N/A
Philippe Aymerich	EUR 570,000	41,804	EUR 518,865	38,054(3)
Diony Lebot	EUR 570,000	41,804	EUR 518,318	38,014(3)

(1) Based on the share price on the day preceding the Board of Directors' meeting of 7 February 2023, at which the LTIs were awarded.
(2) The number of shares awarded corresponds to the total IFRS value of the award divided by the IFRS share value based on the share price on the day preceding the Board of Directors' meeting of 7 February 2023.
(3) Provided the term of office is renewed on 23 May 2023.

The Board of Directors will decide on the allocation of performance shares at its meeting on 8 March 2023, pursuant to the powers conferred upon it by the AGM of 17 May 2022 (Resolution 22). The award represents less than 0.01% of the share capital.

LONG-TERM INCENTIVES PAID IN 2022

In financial year 2022, F. Oudéa received payments for the long-term incentive plans awarded in 2015, 2016 and 2018, as previously approved by the General Meetings of 19 May 2015 (Resolution 5), 18 May 2016 (Resolution 6) and 23 May 2018 (Resolution 8). The Board of Directors reviewed the performance conditions at its meeting of 9 February 2021 and 9 February 2022 and was satisfied that they had been met (see Table 7, page 148). The vested shares, the amounts received, the applicable performance conditions and the level of their achievement are shown in Table 7 on page 148 and in the tables on pages 134-142.

POST-EMPLOYMENT BENEFITS: PENSION, SEVERANCE PAY, NON-COMPETE CONSIDERATION

Pension

Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009. Accordingly, he is no longer entitled to any supplementary pension benefits from Societe Generale.

Details of the pension schemes for the Deputy Chief Executive Officers are supplied on page 121[1].

In accordance with French law, contributions to the Art. 82 supplementary defined contribution scheme are subject to a performance condition.

The table below sets out the vesting rate of pension benefits based on the overall performance rate taken into account for the 2022 annual variable remuneration, as recognised by the Board of Directors on 7 February 2023:

	Overall 2022 target achievement rate	% vesting of Art. 82 pension plan contributions
Philippe Aymerich	92.2%	100%
Diony Lebot	92.3%	100%

The senior management supplementary pension scheme from which the Deputy Chief Executive Officers previously benefited has been closed to further contributions since 1 January 2020. Pension rights acquired prior to 1 January 2020 are contingent upon the beneficiaries still working at Societe Generale when they reach retirement.

Information on each Deputy Chief Executive Officer's contributions is given on pages 134-142.

Sums payable upon leaving the Group

The Chief Executive Officers are entitled to severance pay and a non-compete clause in respect of their positions[2].

The terms of these benefits are detailed on page 121.

For Frédéric Oudéa, Philippe Aymerich and Diony Lebot, no payments were made in respect of such benefits in 2022.

(1) The pension related-party commitments for Philippe Aymerich and Diony Lebot, authorised by the Board of Directors on 3 May 2018 and 6 February 2019, were approved and subsequently amended and renewed at the General Meeting of 21 May 2019 (Resolutions 11 to 13).
(2) Related-party commitments for Frédéric Oudéa, approved by the General Meeting of 23 May 2017 and renewed further to amendment at the General Meeting of 21 May 2019, further to the Board of Directors' authorisation of 6 February 2019 (Resolution 9). Related-party commitments for Philippe Aymerich and Diony Lebot, authorised and renewed further to amendment at the General Meeting of 21 May 2019, further to the Board of Directors' authorisation of 3 May 2018 and 6 February 2019 (Resolutions 11 to 13).

OTHER BENEFITS FOR CHIEF EXECUTIVE OFFICERS

The Chief Executive Officers each have their own company car, which is available for private as well as professional use, and insurance providing the same health and death/disability cover as for employees. Details of the benefits granted in respect of and paid over the course of the financial year are provided on pages 134-142.

PAY RATIOS AND CHANGES IN REMUNERATION

In accordance with Article L. 22-10-9 of the French Commercial Code, the following report provides information on changes in the ratio between the remuneration paid to the Chairman of the Board and Chief Executive Officers and the mean and median remuneration of the Company's employees compared with the Group's performance over the past five financial years.

The parameters for these calculations were defined in accordance with the AFEP-MEDEF guidelines (updated in February 2021).

The following scope was used to calculate mean and median employee remuneration:

- "listed company" (Article L. 22-10-9 (I) paragraph 6 of the French Commercial Code): Societe Generale SA, including foreign branches;
- employees on permanent contracts and with at least one year's seniority at 31 December of the year in question.

This scope includes all the Bank's businesses, taking a balanced approach.

The following components of gross remuneration were taken into account (excluding all employer's charges and contributions):

- for employees: base salary, bonuses and benefits for the year, annual variable remuneration and long-term incentives awarded in respect of the year (at their IFRS value when awarded, according to the method used when preparing the consolidated financial statements) and any profit-sharing awarded for the year;
- for the Chairman of the Board of Directors and the Chief Executive Officers: base salary, benefits in kind received over the year, annual variable remuneration and long-term incentives awarded in respect of the year (at their IFRS value when awarded, according to the method used when establishing the consolidated financial statements)[1].

The calculation of employee remuneration for 2021 included the basic salary, bonuses and benefits for 2021, in addition to all variable components (annual variable remuneration, long-term incentives and profit-sharing) awarded in 2022 in respect of 2021. Note that, in the Universal Registration Document 2022, these components were estimated on the basis of the total amounts awarded in the previous financial year and adjusted by an estimated change coefficient.

The calculation of employee remuneration for 2022 included the basic salary, bonuses and benefits for 2022, in addition to all variable components (annual variable remuneration, long-term incentives and profit-sharing) estimated on the basis of the total amounts awarded in the previous financial year and adjusted using an estimated change coefficient.

CHANGES IN EMPLOYEE REMUNERATION OVER THE PAST FIVE YEARS

(In EUR thousands)	2018	2019	2020	2021	2022	Change 2018-2022
Mean employee remuneration	**75.3**	**76.0**	**76.3**	**83.7**	**88.2**	
Change	+1.5%	+1.0%	+0.4%	+9.6%	+5.4%	+17.2%
Median employee remuneration	**54.4**	**54.4**	**55.7**	**59.1**	**60.9**	
Change	+3.9%	+0.0%	+2.5%	+6.1%	+3.0%	+12.1%

(1) The full details of their remuneration are given on pages 143-144 and in the tables on pages 135 to 142.

CHANGES IN REMUNERATION FOR THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICERS AND PAY RATIOS FOR THE PAST FIVE YEARS

(In EUR thousands)	2018	2019	2020[3]	2021	2022	Change 2018-2022
Lorenzo Bini Smaghi Chairman of the Board of Directors						
Remuneration	948.7	979.4	979.5	979.5	972.5	
Change	+5.0%	+3.2%	+0.0%	+0.0%	-0.7%	+2.5%
Ratio to mean employee remuneration	13:1	13:1	13:1	12:1	11:1	
Change	+3.5%	+2.2%	-0.4%	-8.8%	-5.8%	-12.5%
Ratio to median employee remuneration	17:1	18:1	18:1	17:1	16:1	
Change	+1.1%	+3.2%	-2.4%	-5.8%	-3.6%	-8.5%
Frédéric Oudéa[1] Chief Executive Officer						
Remuneration	3,193.2	3,542.3	2,635.9	3,757.4	2,878.3	
Change	-7.8%	+10.9%	-25.6%	+42.6%	-23.4%	-9.9%
Ratio to mean employee remuneration	42:1	47:1	35:1	45:1	33:1	
Change	-9.1%	+9.9%	-25.9%	+30.0%	-27.3%	-21.4%
Ratio to median employee remuneration	59:1	65:1	47:1	64:1	47:1	
Change	-11.2%	+10.9%	-27.4%	+34.3%	-25.7%	-20.3%
Philippe Aymerich[2] Deputy Chief Executive Officer						
Remuneration	1,903.0	2,125.1	1,599.4	2,232.7	2,172.1	
Change	-	+11.7%	-24.7%	+39.6%	-2.7%	+14.1%
Ratio to mean employee remuneration	25:1	28:1	21:1	27:1	25:1	
Change	-	+10.6%	-25.0%	+27.3%	-7.7%	+0.0%
Ratio to median employee remuneration	35:1	39:1	29:1	38:1	36:1	
Change	-	+11.7%	-26.5%	+31.5%	-5.6%	+2.9%
Diony Lebot[2] Deputy Chief Executive Officer						
Remuneration	1,872.6	2,103.8	1,629.8	2,245.4	2,173.2	
Change	-	+12.4%	-22.5%	+37.8%	-3.2%	+16.1%
Ratio to mean employee remuneration	25:1	28:1	21:1	27:1	25:1	
Change	-	+11.3%	-22.8%	+25.7%	-8.2%	+0.0%
Ratio to median employee remuneration	34:1	39:1	29:1	38:1	36:1	
Change	-	+12.3%	-24.4%	+29.8%	-6.1%	+5.9%

(1) With regard to Frédéric Oudéa, the calculation for 2018 includes the amount of his 2018 annual variable remuneration before he decided to waive part of it following agreements with the US authorities.

(2) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. Their remuneration for 2018 has been annualised for comparability purposes.

(3) The Chief Executive Officers waived 50% of their annual variable remuneration for 2020 based on the Board of Directors' evaluation. The waivers were included in the remunerations for 2020 presented in the table.

GROUP PERFORMANCE OVER THE PAST FIVE YEARS[1]

	2018	2019	2020	2021	2022	Change 2018-2022
Fully-loaded CET1	10.9%	12.7%	13.2%	13.6%	13.5%	
Change	*-0.5 pt*	*+1.8 pt*	*+0.5 pt*	*+0.4 pt*	*-0.1 pt*	*+2.6 pt*
Underlying C/I	69.8%	70.6%	74.6%	67.0%	64.1%	
Change	*+1.0 pt*	*+0.8 pt*	*+4.0 pt*	*-7.6 pt*	*-2.9 pt*	*-5.7 pt*
Underlying ROTE	9.7%	7.6%	1.7%	10.2%	9.6%	
Change	*+0.5 pt*	*-2.1 pt*	*-5.9 pt*	*+8.5 pt*	*-0.6 pt*	*-0.1 pt*
Net tangible asset value per share	EUR 55.8	EUR 55.6	EUR 54.8	EUR 61.1	EUR 62.3	
Change	*+2.6%*	*-0.4%*	*-1.5%*	*+11.5%*	*+2.1%*	*+11.7%*

(1) On a consolidated basis.
CET 1: Core Equity Tier 1 ratio.
C/I ratio: Cost-to-income ratio.
ROTE: Return on tangible equity.

DIRECTORS' REMUNERATION

The rules governing the breakdown of the total annual sum allocated between Directors are laid down under Article 18 of the Internal Rules (see Chapter 7) and appear on page 105.

The General Meeting of 23 May 2018 allocated a total of EUR 1,700,000 for the Directors' annual remuneration. The full amount was paid to the Directors in respect of 2022.

The breakdown of the total amount paid in respect of 2022 is shown in the table on page 146.

TOTAL REMUNERATION AND BENEFITS PAID IN OR AWARDED IN RESPECT OF 2022 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS AND SUBMITTED TO THE SHAREHOLDERS FOR APPROVAL

In accordance with Article L. 22-10-34 (II) of the French Commercial Code, no variable components (*i.e.* annual variable remuneration and long-term incentives) or exceptional components of the 2022 remuneration can be paid until they have been approved by the General Meeting to be held on 23 May 2023.

TABLE 1

Lorenzo BINI SMAGHI, Chairman of the Board of Directors
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Fixed remuneration	EUR 925,000	Gross fixed remuneration paid in the financial year. Lorenzo Bini Smaghi's annual gross remuneration was set at EUR 925,000 in May 2018 and will remain unchanged for the duration of his term of office.	EUR 925,000
Annual variable remuneration	N/A	Lorenzo Bini Smaghi does not receive any variable remuneration.	N/A
Remuneration as a Director	N/A	Lorenzo Bini Smaghi does not receive any remuneration as a Director.	N/A
Value of benefits in kind	EUR 47,479	He is provided with accommodation for the performance of his duties in Paris.	EUR 47,479

TABLE 2

Frédéric OUDÉA, Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Fixed remuneration	EUR 1,300,000	Gross fixed remuneration paid during the financial year, unchanged since the Board of Directors' decision of 31 July 2014 (confirmed in May 2015 when the roles of Chairman of the Board and Chief Executive Officer were separated).	EUR 1,300,000
Annual variable remuneration		Frédéric Oudéa benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on non-financial targets. These components are detailed on page 123. His annual variable remuneration is capped at 135% of his fixed remuneration.	
o.w. annual variable remuneration payable in 2023	EUR 313,302 (nominal amount)	**Evaluation of 2022 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February and 10 March 2022 and the achievement rates observed in financial year 2022, Frédéric Oudéa was awarded annual variable remuneration of EUR **1,566,513**[1]. This corresponds to an overall target achievement rate of **89.3%** and is calculated based on his maximum annual variable remuneration (see page 126).	▪ Annual variable remuneration in respect of 2021, as approved by the General Meeting of 17 May 2022 (Resolution 10): EUR 348,051. The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration of the Chairman of the Board of Directors and the Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ▪ Deferred annual variable remuneration (see Table 2, page 145): - in respect of 2018: EUR 207,295, - in respect of 2019: EUR 259,999, - in respect of 2020: EUR 96,139 and EUR 159,394. ▪ The above variable remuneration was approved by the General Meetings of: - 21 May 2019 (Resolution 17), - 19 May 2020 (Resolution 10), and - 18 May 2021 (Resolution 10), respectively. ▪ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2022 and was satisfied that they had been met. The applicable performance conditions and the level of their achievement are shown in Table 2, page 145.
o.w. annual variable remuneration payable in subsequent years	EUR 1,253,211 (nominal amount)	▪ payment of all annual variable remuneration in respect of 2022 is subject to approval by the General Meeting to be held on 23 May 2023; ▪ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 23 May 2023. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ▪ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2023, 2024 and 2025. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six months; ▪ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 128.	
Multi-annual variable remuneration	N/A	Frédéric Oudéa did not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Frédéric Oudéa did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Frédéric Oudéa has not been awarded any stock options since 2009.	N/A

Frédéric OUDÉA, Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	N/A	No long-term incentive was awarded to Frédéric Oudéa in respect of the financial year.	▪ Share equivalents paid as part of the long-term incentives awarded in 2015: EUR 188,517. This award was approved by the General Meeting of 19 May 2015 (Resolution 5). The Board of Directors reviewed the performance conditions at its meeting of 9 February 2021 and was satisfied that they had been partially met. ▪ Shares vested in 2016 as part of the long-term incentives in respect of 2015: 5,624 shares. ▪ Shares vested in 2018 as part of the long-term incentives in respect of 2017: 4,395 shares. The above shares were authorised by the General Meeting of 18 May 2016 (Resolution 6) and the General Meeting of 23 May 2018 (Resolution 8), respectively. The Board of Directors reviewed the performance conditions at its meeting of 9 February 2022 and was satisfied that they had been partially met. The applicable performance conditions and the level of their achievement are shown in Table 7, page 148.
Remuneration as a Director	N/A	N/A	N/A
Value of benefits in kind	EUR 11,779	Frédéric Oudéa is provided with a company car.	EUR 11,779
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 122.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The characteristics of non-compete consideration for Chief Executive Officers are detailed on page 121.	No amount paid in respect of the financial year
Supplementary pension scheme	N/A	Frédéric Oudéa does not benefit from any supplementary pension scheme.	N/A
Death/disability insurance		Frédéric Oudéa is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 10,371

(1) Nominal amount decided by the Board of Directors on 7 February 2023.

TABLE 3

Philippe AYMERICH, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Fixed remuneration	EUR 800,000	Philippe Aymerich's gross fixed remuneration paid during the financial year, as set by the Board of Directors on 3 May 2018 upon his appointment as Deputy Chief Executive Officer, effective from 14 May 2018 and which has remained unchanged since.	EUR 800,000
Annual variable remuneration		Philippe Aymerich benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on non-financial targets. These components are detailed on page 123. His annual variable remuneration is capped at 115% of his fixed remuneration.	▪ Annual variable remuneration in respect of 2021, as approved by the General Meeting of 17 May 2022 (Resolution 11): EUR 176,677. The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration of the Chairman of the Board of Directors and the Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ▪ Deferred annual variable remuneration (see Table 2, page 145): - in respect of 2018: EUR 82,476, - in respect of 2019: EUR 141,541, - in respect of 2020: EUR 45,889 and EUR 76,077. ▪ The above variable remuneration was approved by the General Meetings of: - 21 May 2019 (Resolution 18), - 19 May 2020 (Resolution 11), and - 18 May 2021 (Resolution 11), respectively. ▪ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2022 and was satisfied that they had been met. The applicable performance conditions and the level of their achievement are shown in Table 2, page 145.
o.w. annual variable remuneration payable in 2023	EUR 169,685 (nominal amount)	**Evaluation of 2022 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February 2022 and 10 March 2022 and the achievement rates observed in financial year 2022, Philippe Aymerich was awarded annual variable remuneration of EUR **848,424**[1]. This corresponds to an overall target achievement rate of **92.2%** and is calculated based on his maximum annual variable remuneration (see page 126).	
o.w. annual variable remuneration payable in subsequent years	EUR 678,739 (nominal amount)	▪ payment of all annual variable remuneration in respect of 2022 is subject to approval by the General Meeting to be held on 23 May 2023; ▪ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 23 May 2023. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ▪ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2023, 2024 and 2025. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six months; ▪ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 128.	
Multi-annual variable remuneration	N/A	Philippe Aymerich did not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Philippe Aymerich did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Philippe Aymerich has not been awarded any stock options.	N/A

Philippe AYMERICH, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 518,865[2] (value according to IFRS 2 at 6 February 2023) This amount corresponds to an award of 38,054 shares[2]	The Chief Executive Officers are eligible for a long-term incentive plan, entailing awards of shares or share equivalents, in order to involve them in the Company's long-term progress and align their interests with those of the shareholders. The details of the plan in respect of 2022 approved by the Board of Directors at its meeting of 7 February 2023 are as follows: ▪ awards capped at the same level as the annual variable remuneration; ▪ 38,054 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thereby increasing the indexing periods to five and seven years; ▪ award of the long-term incentive in respect of 2022 is conditional upon approval by the General Meeting to be held on 23 May 2023; ▪ definitive vesting of the long-term incentive is subject to presence and performance conditions as detailed on page 129; ▪ the award was approved under Resolution 22 of the General Meeting of 17 May 2022 (Board of Directors' decision of 8 March 2023 on the award of performance shares); it represents less than 0.005% of the share capital.	N/A
Remuneration as a Director	N/A	Philippe Aymerich did not receive any remuneration as a Director over the financial year.	N/A
Value of benefits in kind	EUR 4,851	Philippe Aymerich is provided with a company car.	EUR 4,851
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 122.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The characteristics of non-compete consideration for Chief Executive Officers are detailed on page 121.	No amount paid in respect of the financial year

Philippe AYMERICH, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 50,836	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 121. ■ Senior management supplementary pension scheme. Scheme closed to further contributions since 31 December 2019; existing pension entitlements remain conditional upon the beneficiary working for Societe Generale until they retire. For example, based on a hypothetical retirement age of 62 and his current annual fixed remuneration, the potential annuity rights allocated to Philippe Aymerich at 31 December 2019 represent an estimated yearly income of EUR 139k regardless of the condition of continued presence being met. ■ Supplementary Art. 82 pension scheme. In view of Philippe Aymerich's overall performance score of 92.2% for 2022, contributions to this scheme amounted to EUR 50,836 (contribution vesting rate: 100%). ■ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,879.	Contributions into the supplementary Art. 82 pension scheme in respect of 2021, as approved by the General Meeting of 17 May 2022 (Resolution 11): EUR 50,836 Contributions into the Valmy pension savings scheme: EUR 2,879
Death/disability insurance		Philippe Aymerich is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 6,028

(1) Nominal amount decided by the Board of Directors on 7 February 2023.
(2) Provided the term of office is renewed on 23 May 2023.

TABLE 4

Diony LEBOT, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Fixed remuneration	EUR 800,000	Diony Lebot's gross fixed remuneration paid during the financial year, as set by the Board of Directors on 3 May 2018 upon her appointment as Deputy Chief Executive Officer, effective from 14 May 2018 and which has remained unchanged since.	EUR 800,000
Annual variable remuneration		Diony Lebot benefits from annual variable remuneration broken down into two sub-components: 60% is based on financial targets and 40% on non-financial targets. These components are detailed on page 123. Her annual variable remuneration is capped at 115% of her fixed remuneration.	■ Annual variable remuneration in respect of 2021, as approved by the General Meeting of 17 May 2022 (Resolution 14): EUR 182,086. The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration of the Chairman of the Board of Directors and the Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred. ■ Deferred annual variable remuneration (see Table 2, page 145): - in respect of 2018: EUR 76,617, - in respect of 2019: EUR 136,437, - in respect of 2020: EUR 50,765 and EUR 84,154. ■ The above variable remuneration was approved by the General Meetings of: - 21 May 2019 (Resolution 17), - 19 May 2020 (Resolution 14), and - 18 May 2021 (Resolution 14), respectively. ■ For deferred payments subject to performance conditions, the Board of Directors reviewed the conditions at its meeting of 9 February 2022 and was satisfied that they had been met. The applicable performance conditions and the level of their achievement are shown in Table 2, page 145.
o.w. annual variable remuneration payable in 2023	EUR 169,905 (nominal amount)	**Evaluation of 2022 performance** – In light of the financial and non-financial criteria defined by the Board of Directors on 9 February 2022 and 10 March 2022 and the achievement rates observed in financial year 2022, Philippe Aymerich was awarded annual variable remuneration of EUR **849,528**[1]. This corresponds to an overall target achievement rate of **92.3%** and is calculated based on his maximum annual variable remuneration (see page 126).	
o.w. annual variable remuneration payable in subsequent years	EUR 679,623 (nominal amount)	■ payment of all annual variable remuneration in respect of 2022 is subject to approval by the General Meeting to be held on 23 May 2023; ■ 40% of this annual variable remuneration will vest upon approval by the General Meeting of 23 May 2023. Half of this portion (20%) will be converted into Societe Generale share equivalents, paid after a one-year holding period; ■ 60% of this annual variable remuneration is conditional upon achievement of targets in terms of Group profitability and equity capital, as assessed over financial years 2023, 2024 and 2025. Two-thirds of this portion will be converted into Societe Generale shares, half of which become transferable after two years and six months and half after three years and six months; ■ the terms and conditions of vesting and payment in respect of this deferred remuneration are detailed on page 128.	
Multi-annual variable remuneration	N/A	Diony Lebot does not receive multi-annual variable remuneration.	N/A
Exceptional remuneration	N/A	Diony Lebot did not receive any exceptional remuneration.	N/A
Value of options awarded during the financial year	N/A	Diony Lebot has not been awarded any stock options.	N/A

Diony LEBOT, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	EUR 518,318[(2)] (value according to IFRS 2 at 6 February 2023) This amount corresponds to an award of 38,014 shares[(2)]	The Chief Executive Officers are eligible for a long-term incentive plan, entailing awards of shares or share equivalents, in order to involve them in the Company's long-term progress and align their interests with those of the shareholders. The details of the plan in respect of 2022 approved by the Board of Directors at its meeting of 7 February 2023 are as follows: ▪ awards capped at the same level as the annual variable remuneration; ▪ 38,014 shares awarded in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years; ▪ award of the long-term incentive in respect of 2022 is conditional upon approval by the General Meeting to be held on 23 May 2023; ▪ definitive vesting of the long-term incentive is subject to presence and performance conditions as detailed on page 129; ▪ the award was approved under Resolution 22 of the General Meeting of 17 May 2022 (Board of Directors' decision of 8 March 2023 on the award of performance shares); it represents less than 0.005% of the share capital.	N/A
Remuneration as a Director	N/A	Diony Lebot did not receive any remuneration as a Director over the financial year.	N/A
Value of benefits in kind	EUR 5,343	Diony Lebot is provided with a company car.	EUR 5,343
Severance pay	No amount due in respect of the financial year	The features of severance pay for Chief Executive Officers are detailed on page 122.	No amount paid in respect of the financial year
Non-compete consideration	No amount due in respect of the financial year	The characteristics of non-compete consideration for Chief Executive Officers are detailed on page 121.	No amount paid in respect of the financial year

Diony LEBOT, Deputy Chief Executive Officer
Remuneration compliant with the policy approved by the General Meeting of 17 May 2022

Remuneration components put to the vote	Amounts awarded in respect of 2022	Description	Amounts paid in 2022
Supplementary pension scheme	Contributions into supplementary Art. 82 pension scheme: EUR 50,836	A detailed description of the Deputy Chief Executive Officers' pension schemes is given on page 121. ▪ Senior management supplementary pension scheme. Scheme closed to further contributions since 31 December 2019; existing pension entitlements remain conditional upon the beneficiary working for Societe Generale until they retire. For example, based on a hypothetical retirement age of 62 and her current annual fixed remuneration, the potential annuity rights allocated to Diony Lebot at 31 December 2019 represent an estimated yearly income of EUR 167,000 regardless of the condition of continued presence being met. ▪ Supplementary Art. 82 pension scheme. In view of Diony Lebot's overall performance score of 92.3% for financial year 2022, contributions to this scheme amounted to EUR 50,836 (contribution vesting rate: 100%). ▪ Valmy pension savings scheme. Annual contribution paid by the Company: EUR 2,879.	Contributions into the supplementary Art. 82 pension scheme in respect of 2021, as approved by the General Meeting of 17 May 2022 (Resolution 12): EUR 50,836 Contributions into the Valmy pension savings scheme: EUR 2,879
Death/disability insurance		Diony Lebot is covered by death/disability insurance with benefits and contribution rates aligned with those for employees.	Death/disability contributions: EUR 6,076

(1) Nominal amount decided by the Board of Directors on 7 February 2023.
(2) Provided the term of office is renewed on 23 May 2023.

Standard tables in accordance with AMF recommendations

TABLE 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS, SHARES AND SHARE EQUIVALENTS AWARDED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS(1)

(In EUR)	Financial year 2021	Financial year 2022
Lorenzo Bini Smaghi, Chairman of the Board of Directors		
Remuneration due for the financial year (detailed in Table 2)	979,508	972,479
Value of options awarded in respect of the financial year	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year	0	0
TOTAL	**979,508**	**972,479**
Frédéric Oudéa, Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	3,045,392	2,878,292
Value of options awarded in respect of the financial year	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year(2)	712,026	0
TOTAL	**3,757,418**	**2,878,292**
Philippe Aymerich, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,683,384	1,653,275
Value of options awarded in respect of the financial year	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year(2)	549,335	518,865
TOTAL	**2,232,719**	**2,172,140**
Diony Lebot, Deputy Chief Executive Officer		
Remuneration due for the financial year (detailed in Table 2)	1,716,364	1,654,871
Value of options awarded in respect of the financial year	0	0
Value of shares or share equivalents awarded under the long-term incentive plan in respect of the financial year(2)	528,989	518,318
TOTAL	**2,245,353**	**2,173,189**

(1) Remuneration expressed in EUR, gross, before tax.
(2) This plan is detailed in the chapter on remuneration of the Chairman of the Board of Directors and Chief Executive Officers, from page 123.

TABLE 2

SUMMARY OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS(1)

	Financial year 2021		Financial year 2022	
(In EUR)	**Amounts paid**	**Amounts due for the financial year**	**Amounts paid**	**Amounts due for the financial year**
Lorenzo Bini Smaghi, Chairman				
■ fixed remuneration	925,000	925,000	925,000	925,000
■ non-deferred annual variable remuneration	0	0	0	0
■ deferred annual variable remuneration	0	0	0	0
■ exceptional remuneration	0	0	0	0
■ remuneration as a Director	0	0	0	0
■ benefits in kind(2)	54,508	54,508	47,479	47,479
TOTAL	**979,508**	**979,508**	**972,479**	**972,479**
Frédéric Oudéa, Chief Executive Officer				
■ fixed remuneration	1,300,000	1,300,000	1,300,000	1,300,000
■ non-deferred annual variable remuneration(3)	96,139	348,051	348,051	313,302
■ deferred annual variable remuneration(3)	770,543	1,392,207	722,828(5)	1,253,211
■ exceptional remuneration	0	0	0	0
■ remuneration as a Director	0	0	0	0
■ benefits in kind(4)	5,134	5,134	11,779	11,779
TOTAL	**2,171,816**	**3,045,392**	**2,382,658**	**2,878,292**
Philippe Aymerich, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration(3)	45,889	176,677	176,677	169,685
■ deferred annual variable remuneration(3)	323,636	706,707	345,983(5)	678,739
■ other remuneration paid(6)	81,192	0	27,081	0
■ exceptional remuneration	0	0	0	0
■ remuneration as a Director	0	0	0	0
■ benefits in kind	0	0	4,851	4,851
TOTAL	**1,250,717**	**1,683,384**	**1,354,592**	**1,653,275**
Diony Lebot, Deputy Chief Executive Officer				
■ fixed remuneration	800,000	800,000	800,000	800,000
■ non-deferred annual variable remuneration(3)	50,765	182,086	182,086	169,905
■ deferred annual variable remuneration(3)	309,399	728,346	347,973(5)	679,623
■ other remuneration paid(6)	143,470	0	76,592	0
■ exceptional remuneration	0	0	0	0
■ remuneration as a Director	0	0	0	0
■ benefits in kind(4)	5,932	5,932	5,343	5,343
TOTAL	**1,309,566**	**1,716,364**	**1,411,993**	**1,654,871**

(1) Remuneration expressed in EUR, gross, before tax. The long-term incentives paid to Chief Executive Officers are detailed in Tables 1 and 7.
(2) Provision of company accommodation.
(3) The criteria used to calculate and pay annual variable remuneration are detailed in the chapter on remuneration for the Chairman of the Board of Directors and Chief Executive Officers. Payment of 50% of the annual variable remuneration vested is deferred.
(4) Use of a company car.
(5) See table below for a detailed breakdown of the amounts paid.
(6) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The amounts recorded under "other remuneration paid" correspond to variable remuneration awarded for their previous positions.

BREAKDOWN OF DEFERRED ANNUAL VARIABLE REMUNERATION PAID IN 2022 TO THE CHIEF EXECUTIVE OFFICERS

(In EUR)	2018[(1)]	2019[(2)]	2020[(3)]	2020[(4)]		
Performance condition applicable and status of condition	**Underlying RGNI > 0 and CET1 ratio > 8.74% at 31.12.2021 Conditions met**	**Underlying RGNI > 0 and CET1 ratio > 10.02% at 31.12.2021 Conditions met**	**Underlying RGNI > 0 and CET1 ratio > 9.02% at 31.12.2021 Conditions met**	**N/A**	**Other deferred annual variable remuneration[(5)]**	**Total paid in 2022**
F. OUDÉA	207,295	259,999	96,139	159,394	N/A	722,828
P. AYMERICH	82,476	141,541	45,889	76,077	27,081	373,064
D. LEBOT	76,617	136,437	50,765	84,154	76,592	424,564

(1) Value of shares vested in March 2022 corresponding to the third instalment of the unvested portion of the annual variable remuneration for financial year 2018, the vesting of which was subject to meeting Group net income and CET 1 targets for 2021.

(2) Value of shares vested in March 2022 corresponding to the second instalment of the unvested portion of the annual variable remuneration for financial year 2019, the vesting of which was subject to meeting Group net income and CET1 targets for 2021.

(3) First instalment of the unvested portion of the annual variable remuneration for financial year 2020, granted in cash and not indexed, the vesting of which was subject to meeting Group net income and CET1 targets for 2021.

(4) Vested portion of the annual variable remuneration for 2020 indexed to the Societe Generale share price.

(5) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018.
The amounts indicated in the column marked "Other deferred annual variable remuneration" correspond to the remuneration paid in 2022 in respect of their previous positions.

TABLE 3

REMUNERATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

(In EUR)	Remuneration paid in 2021		Remuneration paid in 2022		Attendance fees	
Corporate officers (excl. Chief Executive Officer)	**Balance for financial year 2020**	**Interim payment for financial year 2021**	**Balance for financial year 2021**	**Interim payment for financial year 2022**	**In respect of financial year 2021**	**In respect of financial year 2022***
Lorenzo BINI SMAGHI						
Attendance fees	-	-	-	-	-	-
Other remuneration	-	-	-	-	-	-
William CONNELLY						
Attendance fees	161,429	99,410	156,581	92,757	255,991	248,363
Other remuneration						
Jérôme CONTAMINE						
Attendance fees	86,733	56,053	94,024	57,723	150,077	151,691
Other remuneration						
Diane COTE						
Attendance fees	61,688	37,967	73,329	53,872	111,297	140,188
Other remuneration						
Kyra HAZOU						
Attendance fees	96,556	60,360	90,791	55,035	151,151	141,875
Other remuneration						
France HOUSSAYE						
Attendance fees(1)	56,555	33,661	51,964	32,584	85,625	86,736
Societe Generale salary					54,100	55,726
David LEROUX						
Attendance fees(1)	45,366	26,377	2,841	-	29,218	-
Societe Generale salary					40,092	
Jean-Bernard LEVY						
Attendance fees	77,754	47,593	6,583	-	54,177	-
Other remuneration						
Annette MESSEMER						
Attendance fees	87,599	60,360	90,791	53,872	151,151	140,188
Other remuneration						
Gérard MESTRALLET						
Attendance fees	76,007	47,593	72,111	39,424	119,704	121,706
Other remuneration						
Juan Maria NIN GENOVA						
Attendance fees	91,423	56,053	94,961	51,455	151,015	131,828
Other remuneration						
Henri POUPART-LAFARGE						
Attendance fees	-	-	49,089	28,467	49,089	80,775
Other remuneration						
Johan PRAUD						
Attendance fees(2)	-	-	40,960	26,677	40,960	69,941
Societe Generale salary					27,843	29,900
Nathalie RACHOU						
Attendance fees	4,829	-	-	-	-	-
Other remuneration						
Lubomira ROCHET						
Attendance fees	52,391	28,863	52,721	32,584	81,584	90,110
Other remuneration						
Alexandra SCHAAPVELD						
Attendance fees	149,613	88,449	139,554	86,954	228,003	226,660
Other remuneration						
Sébastien WETTER						
Attendance fees	-	-	40,960	26,677	40,960	69,941
Societe Generale salary					164,544	245,650
TOTAL (ATTENDANCE FEES)					**1,700,000**	**1,700,000**

* *The balance of the attendance fees for financial year 2022 was paid to Board members at the end of January 2023.*
(1) *Paid to Societe Generale trade union SNB.*
(2) *Paid to Societe Generale trade union CGT.*

TABLE 4

SHARE PURCHASE OR SUBSCRIPTION OPTIONS AWARDED DURING THE FINANCIAL YEAR TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS BY THE ISSUER AND ANY GROUP COMPANIES

The Board of Directors did not award any options in 2022.

TABLE 5

SHARE PURCHASE OR SUBSCRIPTION OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

The last option plan expired in 2017.

TABLE 6

SHARES AWARDED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND EACH OF THE CHIEF EXECUTIVE OFFICERS

Societe Generale performance shares awarded during the financial year to the Chief Executive Officers by the issuer and any Group companies.

(In EUR)	Award date	Reasons for award[(1)]	Number of shares awarded over the year	Value of the shares based on the method used in the consolidated financial statements	Date of assessment of performance condition	Vesting date	Performance conditions[(2)]
L. BINI SMAGHI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F. OUDÉA	10.03.2022	Payment of the annual variable remuneration due in respect of financial year 2021	12,144	235,351	28.03.2024	01.10.2024	yes
			12,144	223,207	31.03.2025	01.10.2025	yes
		Long-term incentives due in respect of financial year 2021	17,555	166,421	31.03.2026	01.04.2027	yes
			17,555	160,453	31.03.2028	01.04.2029	yes
P. AYMERICH	10.03.2022	Payment of the annual variable remuneration due in respect of financial year 2021	6,164	119,458	28.03.2024	01.10.2024	yes
			6,165	113,313	31.03.2025	01.10.2025	yes
		Long-term incentives due in respect of financial year 2021	13,544	128,397	31.03.2026	01.04.2027	yes
			13,544	123,792	31.03.2028	01.04.2029	yes
D. LEBOT	10.03.2022	Payment of the annual variable remuneration due in respect of financial year 2021	6,353	123,121	28.03.2024	01.10.2024	yes
			6,353	116,768	31.03.2025	01.10.2025	yes
		Long-term incentives due in respect of financial year 2021	13,042	123,638	31.03.2026	01.04.2027	yes
			13,042	119,204	31.03.2028	01.04.2029	yes

(1) The amounts of variable remuneration and long-term incentives were set at the Board Meeting of 9 February 2022. The corresponding performance shares were awarded at the Board Meeting of 10 March 2022.

(2) Vesting of the annual variable remuneration is subject to two conditions: Group net income and the Core Tier One ratio. Vesting of the long-term incentives is subject to a TSR condition as compared to a panel of peers, as well as CSR and profitability conditions. The performance conditions are further detailed on pages 111-113 of the 2022 Universal Registration Document.

TABLE 7

SHARES RECEIVED OVER THE FINANCIAL YEAR BY THE CHIEF EXECUTIVE OFFICERS

	Award date	Number of shares received over the year
L. BINI SMAGHI	N/A	N/A
F. OUDÉA	18.05.2016	5,624(1)
	14.03.2018	4,395(2)
	13.03.2019	8,244(3)
	12.03.2020	10,340(4)
P. AYMERICH	15.03.2017	501(5)
	13.03.2019	576(5)
	13.03.2019	3,280(3)
	12.03.2020	5,629(4)
D. LEBOT	15.03.2017	1,397(5)
	13.03.2019	1,649(5)
	13.03.2019	3,047(3)
	12.03.2020	5,426(4)

(1) As the second instalment of the long-term incentive plan awarded in 2016; vesting was subject to targets in terms of Group profitability and the Societe Generale share's performance compared to a panel of peers. The share performance assessed in early 2022 placed Societe Generale in eighth place in the panel (corresponding to vesting of 25% of the maximum number of share equivalents awarded).

(2) As the second instalment of the long-term incentive plan awarded in 2018; vesting was subject to targets in terms of Group profitability and the Societe Generale share's performance compared to a panel of peers. The share performance assessed in early 2022 placed Societe Generale in eighth place in the panel (corresponding to vesting of 25% of the maximum number of share equivalents awarded).

(3) As deferred annual variable remuneration granted in 2019 in respect of financial year 2018 (presented in Table 2), the vesting of which was subject to meeting Group net income and CET 1 targets for 2021.

(4) As deferred annual variable remuneration granted in 2020 in respect of financial year 2019 (presented in Table 2), the vesting of which was subject to meeting Group net income and CET 1 targets for 2021.

(5) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. The shares recorded correspond to remuneration awarded for their previous positions.

Note: shares under the buyback programme.

SHARE EQUIVALENTS RECEIVED OVER THE FINANCIAL YEAR BY THE CHIEF EXECUTIVE OFFICERS

	Award date	Number of share equivalents awarded over the year	Amount paid *(In EUR)*
L. BINI SMAGHI	N/A	N/A	N/A
F. OUDÉA	31.03.2015	5,625	188,517(1)
	31.03.2021	4,756	159,394(2)
P. AYMERICH	31.03.2021	2,270	76,077(2)
D. LEBOT	31.03.2021	2,511	84,154(2)

(1) Share equivalents received after one year of the holding period for the second instalment of the long-term incentive plan awarded in 2015; vesting in March 2021 was subject to targets in terms of Group profitability and the Societe Generale share's performance compared to a panel of peers. The share performance assessed in early 2021 placed Societe Generale in eighth place in the panel (corresponding to vesting of 25% of the maximum number of share equivalents awarded).

(2) Share equivalents received as deferred annual variable remuneration awarded in 2021 in respect of financial year 2020 (presented in Table 2).

TABLE 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED

Information on subscription or purchase options.

The last option plan expired in 2017.

TABLE 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES

Societe generale did not implement any option plan during 2022.

The last option plan expired in 2017.

AUDITED I TABLE 10

Record of performance shares awarded

INFORMATION ON PERFORMANCE SHARES AWARDED

Date of General Meeting	**19.05.2020**	**19.05.2020**	**23.05.2018**	**23.05.2018**	**18.05.2016**	**18.05.2016**	**18.05.2016**
Date of Board Meeting	10.03.2022	11.03.2021	12.03.2020	13.03.2019	14.03.2018	15.03.2017	18.05.2016
Total number of shares awarded	3,095,660	3,495,064	2,545,414	2,834,045	1,677,279	1,796,759	2,478,926
o.w. number awarded to corporate officers[(1)]	*137,605*	*216,596*	*164,205*	*166,389*	*46,472*	*45,871*	*62,900*
Frédéric OUDÉA	59,398	93,880	72,541	86,705	46,472	45,871	62,900
Philippe AYMERICH	39,417	61,117	46,035	37,889	2,815	2,857	3,626
Diony LEBOT	38,790	61,599	45,629	41,795	7,277	5,986	4,860
Total number of beneficiaries	5,700	6,452	4,652	5,747	6,016	6,710	6,495
Vesting date	See table below	See table below	See table below	See table below	See table below	See table below	See table below
Holding period end date	See table below	See table below	See table below	See table below	See table below	See table below	See table below
Performance conditions	yes	yes	yes	yes	yes	yes	yes
Fair value *(in EUR)*[(2)]	See table below	See table below	See table below	See table below	See table below	See table below	See table below
Number of shares vested at 31.12.2022	0	3,841	493,619	2,300,798	1,346,029	1,506,213	2,187,190
Total number of cancelled or lapsed shares	63,240	207,905	209,680	260,914	232,780	252,247	291,736
Performance shares outstanding at year-end	3,032,420	3,283,318	1,842,115	272,333	98,470	38,299	-

(1) For the Chief Executive Officers, see also Tables 6 and 7 above.
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2022 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	19.05.2020
Date of Board Meeting	10.03.2022
Total number of shares awarded	3,095,660

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	31.03.2025	N/A	18.99
Sub-plan 2	yes	1st instalment	31.03.2025	01.10.2025	18.38
		2nd instalment	31.03.2026	01.10.2026	17.42
Sub-plan 3 and 7	yes	1st instalment	28.03.2024	01.10.2024	19.38
		2nd instalment	31.03.2025	01.10.2025	18.38
Sub-plan 4	yes	N/A	31.03.2025	01.10.2025	18.38
Sub-plan 5	yes	1st instalment	31.03.2026	01.10.2026	15.16
		2nd instalment	31.03.2027	01.10.2027	14.74
Sub-plan 6	yes	1st instalment	31.03.2026	01.04.2027	9.48
		2nd instalment	31.03.2028	01.04.2029	9.14

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2021 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	19.05.2020
Date of Board Meeting	11.03.2021
Total number of shares awarded	3,495,064

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	28.03.2024	N/A	18.74
Sub-plan 2/3 and 7	yes	1st instalment	31.03.2023	01.10.2023	19.07
		2nd instalment	28.03.2024	01.10.2024	18.07
Sub-plan 4	yes	N/A	28.03.2024	01.10.2024	18.07
Sub-plan 5	yes	1st instalment	31.03.2025	01.10.2025	20.14
		2nd instalment	31.03.2026	01.10.2026	19.36
Sub-plan 6	yes	1st instalment	31.03.2025	01.04.2026	14.6
		2nd instalment	31.03.2027	01.04.2028	13.3

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2020 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	23.05.2018
Date of Board Meeting	12.03.2020
Total number of shares awarded	2,545,414

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	31.03.2023	N/A	11.26
Sub-plan 2/3 and 7	yes	1st instalment	31.03.2022	01.10.2022	11.62
		2nd instalment	31.03.2023	01.10.2023	10.76
Sub-plan 4	yes	N/A	31.03.2023	01.10.2023	10.76
Sub-plan 5	yes	1st instalment	31.03.2024	01.10.2024	9.2
		2nd instalment	31.03.2025	01.10.2025	8.8
Sub-plan 6	yes	1st instalment	31.03.2024	01.04.2025	6.3
		2nd instalment	31.03.2026	01.04.2027	5.9

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2019 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	23.05.2018
Date of Board Meeting	13.03.2019
Total number of shares awarded	2,834,045

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	31.03.2022	N/A	21.40
Sub-plan 2/3 and 7	yes	1st instalment	31.03.2021	01.10.2021	22.32
		2nd instalment	31.03.2022	01.10.2022	20.93
Sub-plan 4	yes	N/A	31.03.2022	01.10.2022	20.93
Sub-plan 5	yes	1st instalment	31.03.2023	01.10.2023	10.86
		2nd instalment	29.03.2024	01.10.2024	11.35
Sub-plan 6	yes	1st instalment	31.03.2023	01.04.2024	8.53
		2nd instalment	31.03.2025	01.04.2026	9.45

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2018 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	**18.05.2016**
Date of Board Meeting	14.03.2018
Total number of shares awarded	1,677,279

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	31.03.2021	N/A	39.18
Sub-plan 2	yes	N/A	31.03.2020	01.10.2020	40.39
Sub-plan 3 and 7	yes	1st instalment	31.03.2020	01.10.2020	40.39
		2nd instalment	31.03.2021	01.10.2021	38.59
Sub-plan 4	yes	N/A	31.03.2021	01.10.2021	38.59
Sub-plan 5	yes	N/A	31.03.2023	01.10.2023	39.17
Sub-plan 6	yes	1st instalment	31.03.2022	01.04.2023	26.40
		2nd instalment	29.03.2024	31.03.2025	24.43

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2017 PERFORMANCE SHARE PLAN(1)

Date of General Meeting	**18.05.2016**
Date of Board Meeting	15.03.2017
Total number of shares awarded	1,796,759

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value *(in EUR)*(2)
Sub-plan 1	yes	N/A	31.03.2020	N/A	41.05
Sub-plan 2	yes	N/A	29.03.2019	30.09.2019	42.17
Sub-plan 3 and 7	yes	1st instalment	29.03.2019	30.09.2019	42.17
		2nd instalment	31.03.2020	02.10.2020	40.33
Sub-plan 4	yes	N/A	31.03.2020	02.10.2020	40.33
Sub-plan 5	yes	N/A	31.03.2022	02.10.2022	43.75
Sub-plan 6	yes	1st instalment	31.03.2021	01.04.2022	27.22
		2nd instalment	31.03.2023	01.04.2024	26.34

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2016 PERFORMANCE SHARE PLAN[1]

Date of General Meeting	18.05.2016
Date of Board Meeting	18.05.2016
Total number of shares awarded	2,478,926

	Performance conditions	Instalments	Vesting date	Holding period end date	Fair value (in EUR)[2]
Sub-plan 1	yes	N/A	29.03.2019	N/A	29.55
Sub-plan 2	yes	N/A	29.03.2018	30.09.2018	30.18
Sub-plan 3 and 7	yes	1st instalment	29.03.2018	30.09.2018	30.18
		2nd instalment	29.03.2019	30.09.2019	28.92
Sub-plan 4	yes	N/A	29.03.2019	30.09.2019	28.92
Sub-plan 5	yes	N/A	31.03.2021	02.10.2021	32.76
Sub-plan 6	yes	1st instalment	31.03.2020	01.04.2021	22.07
		2nd instalment	31.03.2022	01.04.2023	21.17

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).
(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

TABLE 11

POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS IN 2022

	Term of office		Employment contract[1][5]		Supplementary pension scheme[2]		Compensation or benefits due or likely to become due as a result of leaving office or changing position[3]		Compensation payable under a non-compete clause[4]	
	start	end	yes	no	yes	no	yes	no	yes	no
L. BINI SMAGHI, Chairman of the Board of Directors	2022[6]	2026		X		X		X		X
F. OUDÉA, Chief Executive Officer	2008[7]	2023		X		X	X		X	
P. AYMERICH, Deputy Chief Executive Officer	2018[8]	2023	X		X		X		X	
D. LEBOT, Deputy Chief Executive Officer	2018[8]	2023	X		X		X		X	

(1) According to the recommendations of the AFEP-MEDEF Code, only the following should not hold an employment contract during their term of office: the Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors.
(2) Details of the supplementary pension schemes can be found in the tables on page 121.
(3) Details of the compensation or benefits due or likely to become due to Chief Executive Officers as a result of leaving office or changing position are provided on page 122.
(4) Details of non-compete consideration for the Chairman of the Board of Directors and the Chief Executive Officers are provided on page 121.
(5) The employment contracts held by Philippe Aymerich and Diony Lebot have been suspended for the duration of their terms of office.
(6) Lorenzo Bini Smaghi was appointed Chairman of the Board of Directors on 19 May 2015. His appointment was renewed on 17 May 2022.
(7) Frédéric Oudéa was appointed Chief Executive Officer in May 2008, and subsequently Chairman and Chief Executive Officer in May 2009, and again Chief Executive Officer on 19 May 2015. His appointment was renewed on 21 May 2019.
(8) Philippe Aymerich and Diony Lebot were appointed Deputy Chief Executive Officers on 14 May 2018. Their appointments were renewed on 21 May 2019.

Societe Generale share ownership and holding obligations

Pursuant to the AMF's recommendations and in order to align the interests of the Chief Executive Officers with those of the Company, the Chief Executive Officers have since 2002 been required to hold a minimum number of Societe Generale shares. Accordingly, at its meeting of 13 March 2019, the Board of Directors set the following requirements:

- the Chief Executive Officer must hold 120,000 shares;
- Deputy Chief Executive Officers Philippe Aymerich and Diony Lebot must each hold 45,000 shares.

Chief Executive Officers who were previously employees may hold shares either directly or indirectly through the Company savings plan.

Frédéric Oudéa already holds sufficient shares. Philippe Aymerich and Diony Lebot must acquire the requisite number of shares by the end of their four-year term of office (*i.e.* in 2023). Until they hold the requisite number of shares, Chief Executive Officers must retain 50% of the vested shares awarded under Societe Generale share plans, as well as all shares resulting from the exercise of stock options, after deducting the cost of exercising said options and the corresponding social security charges and taxes.

The Board will review the minimum holding requirement when the Chief Executive Officers are proposed for re-election.

In addition, and in accordance with the law, the Chief Executive Officers are required to hold a certain percentage of the vested shares awarded under Societe Generale share plans or resulting from the exercise of stock options in a registered account until the end of their term of office. For shares awarded under share plans, the Board of Directors at its meeting of 15 March 2017 set this percentage at 5% of vested shares from the award in respect of 2017. This percentage was fixed in view of the regulatory requirement for a significant proportion of variable remuneration to be granted in the form of shares and the minimum holding requirements. For shares resulting from the exercise of stock options, the Board set the percentage at 40% of the capital gains realised on exercising the options, net of tax and any other compulsory deductions and less any capital gains used to finance the acquisition of the shares.

Chief Executive Officers are therefore required to hold a significant number of shares. They are prohibited from hedging their shares or options throughout the vesting and holding periods.

Each year, the Chief Executive Officers must provide the Board of Directors with all information enabling it to verify their compliance with these obligations.

In their statements to the Board, the Chief Executive Officers declared that they have not hedged their Societe Generale shares or Societe Generale Actionnariat (Fonds E) shares, and undertook not to do so in the future.

Remuneration of the other Management Committee members (excluding Chief Executive Officers)

As part of the Group's new organisation, the Executive Committee was dissolved in 2018. The Group is now organised into 25 Business and Service Units. A Management Committee was set up, comprising some sixty senior managers appointed by the Chief Executive Officer, including the 24 managers of the Business Units (core businesses, regions) and Service Units (support and audit functions). The Heads of the Business Units and Service Units are part of the Group Strategy Committee which, under the authority of the Chief Executive Officer, ensures the implementation of the Group's strategy.

Remuneration for the Management Committee's members complies with CRDV. It is set by General Management and breaks down into two components:

- fixed remuneration, which is set according to each member's responsibilities, observes market practices;
- annual variable remuneration, subject to meeting predefined collective and individual targets. The collective targets apply to all members of the Management Committee and represent a substantial portion of their total annual variable remuneration. They reflect the Group's collective performance and are defined in line with the targets set for the Chief Executive Officers.

3.1.7 ADDITIONAL INFORMATION

Special conditions relating to shareholders at the General Meeting

The By-laws (see Chapter 7) define the conditions under which shareholders may participate in the General Meeting.

Pursuant to Article 14 of the Company By-laws, General Meetings are convened and deliberate according to the legal and regulatory provisions in force. They are convened at the Company's Head Office or in any other place in mainland France indicated in the Notice to attend the General Meeting. Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by decree have the right, upon proof of their identity and status as a shareholder, to participate in General Meetings. They may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless a shorter period is specified in the convening notice or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the meeting.

In all General Meetings, the voting right attached to the shares with a right of beneficial ownership is exercised by the beneficial owner.

Any shareholder may participate online in the General Meeting under the conditions indicated in the Notice of Meeting published in the *Bulletin des Annonces Légales Obligatoires* (French Government Gazette).

Information required by Article L. 22-10-11 of the French Commercial Code

Pursuant to the provisions of Article L. 22-10-11 of the French Commercial Code, Societe Generale must disclose and, where applicable, explain the following matters when they are likely to have an impact in case of a public tender or exchange offer.

To the best of its knowledge, Societe Generale does not have any specific measures likely to have an impact in case of a public tender or exchange offer. However, the information required by Article L. 22-10-11 of the French Commercial Code is listed below insofar as it has been included in the Universal Registration Document to satisfy other obligations:

1. share capital structure: this information appears in Chapter 7, "Share, share capital and legal information", section 7.2, "Information on share capital", under the heading "Breakdown of capital and voting rights over three years";
2. statutory restrictions on the exercise of voting rights and share transfers: this information appears in Chapter 7, "Share, share capital and legal information", section 7.4, "By-laws", and more specifically in Articles 6 and 14;
3. direct or indirect holdings in the share capital of which Societe Generale is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code: this information appears in Chapter 7, "Share, share capital and legal information", section 7.2, "Information on share capital", under the heading "Breakdown of capital and voting rights over three years";
4. the list of holders of any securities bearing special control rights and the description of these: not applicable since the cancellation of the preference shares on 23 December 2009;
5. control mechanisms provided for under a potential employee share ownership plan, when the control rights are not exercised by the latter. Under the terms of the rules governing the Group's mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion to the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and management representatives, exercises voting rights for fractional shares. In the event of a public purchase or exchange offer, the Supervisory Board decides whether or not to tender shares to the offer, based on the relative majority of the votes cast. If there is no relative majority, the decision is put to the vote of the unit holders who decide according to the relative majority of the votes cast;
6. shareholder agreements of which Societe Generale is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: not concerned;
7. rules applicable to the appointment and replacement of members of the Board of Directors as well as to the amendment of the Company's By-laws: this information appears in Chapter 7, "Share, share capital and legal information", section 7.4, "By-laws", and more specifically in Articles 7 and 14;
8. powers of the Board of Directors regarding share issuances or buybacks: the delegations granted by the General Meeting to the Board of Directors in this respect appear in this Chapter 3, under section 3.1, under the present heading, in the subsection "List of outstanding delegations and their use in 2021 and early 2022 (until 7 February 2023)" and the information about share buybacks appears in Chapter 7, "Share, share capital and legal information", section 7.2 "Information on share capital", under the heading "Share buybacks";
9. agreements entered into by Societe Generale that are amended or terminated in case of a change of control of Societe Generale, unless this disclosure would, except in cases where disclosure is a legal obligation, seriously undermine its interests: not concerned;
10. agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without real and serious grounds, or if their employment is terminated due to a public tender or exchange offer: this information appears in this Chapter 3, under section 3.1, under the heading "Remuneration of Group Senior Management" for the Directors. Employees are not concerned.

LIST OF OUTSTANDING DELEGATIONS AND THEIR USE IN 2022 AND EARLY 2023 (UNTIL 7 FEBRUARY 2023)

Type of authorisation	Purpose of the authorisation granted to the Board of Directors	Validity of the delegation
Share buybacks	To buy Societe Generale shares	**Granted by:** AGM of 17 May 2022, 17th resolution **For a period of:** 18 months **Start date:** 17 May 2022 **Expiry date:** 17 November 2023
Capital increase	To increase the share capital with pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital	**Granted by:** AGM of 17 May 2022, 18th resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
	To increase the share capital through the incorporation of reserves, profits or premiums or any other item which may be incorporated in the share capital	**Granted by:** AGM of 17 May 2022, 18th resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
	To increase the share capital with cancellation of pre-emptive subscription rights through the issue of ordinary shares and/or securities giving access to the share capital	**Granted by:** AGM of 17 May 2022, 19th resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
	To increase the share capital in order to remunerate contributions in kind consisting of equity securities or securities giving access to the share capital	**Granted by:** AGM of 17 May 2022, 20th resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
Capital increase in favour of employees	To increase the share capital through the issuance of ordinary shares or securities giving access to the share capital reserved for members of a Societe Generale company or Group savings plan	**Granted by:** AGM of 17 May 2022, 21st resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
Allocation of free shares	To allocate free shares, existing or to be issued, to regulated and assimilated persons	**Granted by:** AGM of 17 May 2022, 22nd resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
	To allocate free shares, existing or to be issued, to employees other than regulated and assimilated persons	**Granted by:** AGM of 17 May 2022, 23rd resolution **For a period of:** 26 months **Expiry date:** 17 July 2024
Cancellation of shares	To cancel shares purchased as part of share buyback programmes	**Granted by:** AGM of 17 May 2022, 24th resolution **For a period of:** 26 months **Expiry date:** 17 July 2024

Limit	Use in 2022	Use in 2023 (until 7 February)
10% of the share capital at the completion date of the purchases.	Excluding the liquidity agreement: Societe Generale purchased 41,674,813 shares in order to cancel them. Societe Generale also purchased 1,000 shares for external growth, 3,496,050 shares in order to cover and honour the free share allocation plan for the benefit of employees and the Chairman of the Board of Directors and Chief Executive Officers. At 31 December 2022, no (0) shares were in the liquidity agreement's account.	Excluding the liquidity agreement: Societe Generale purchased 1,211,271 shares from 2 January until 7 February 2023 in order to cover and honour the free share allocation plan for the benefit of employees and the Chairman of the Board of Directors and Chief Executive Officers. At 7 February 2023, no shares were recorded in the liquidity agreement account.
Nominal EUR 345.3 million for shares, *i.e.*, 33% of the share capital at the date on which the authorisation was granted. *Note: this limit counts towards those set forth in resolutions 19 to 23 of the AGM of 17 May 2022.* Nominal EUR 6 billion shares for debt securities giving access to the share capital *Note: this limit counts towards those set forth in resolutions 19 to 21 of the AGM of 17 May 2022.*	None	None
Nominal EUR 550 million.	None	None
Nominal EUR 104,640 million for shares, *i.e.*, 10% of the share capital at the date on which the authorisation was granted, being specified that the issue price of the shares will be equal to the weighted average of the closing prices of the three trading sessions on the Euronext Paris regulated market preceding the opening of the public offer, decreased by 10%. *Note: this limit counts towards those issues conducted pursuant to resolution 20 of the AGM of 17 May 2022 In addition, the issues conducted pursuant to resolutions 19 and 20 count towards the total limit of nominal EUR 345.3 million set forth in resolution 18 of 18 May 2022.* Nominal EUR 6 billion shares for debt securities giving access to the share capital. *Note: this limit counts towards those issues conducted pursuant to resolutions 18, 19 and 21 of the AGM of 17 May 2022.*	None	None
Nominal EUR 104,640 million for shares, *i.e.*, 10% of the share capital at the date on which the authorisation was granted. *Note: this limit counts towards those issues conducted pursuant to resolution 19 of the AGM of 17 May 2022 In addition, the issues conducted pursuant to resolutions 19 and 20 count towards the total limit of nominal EUR 345.3 million set forth in resolution 18 of 17 May 2022.*	None	None
Nominal EUR 15,696 million for shares, *i.e.* 1.5% of the capital at the date on which the authorisation was granted, being specified that (i) the discount offered as part of the Employee Share Ownership Plan at 20% of the average closing prices of Societe Generale's shares on the Euronext Paris regulated market during the twenty trading sessions preceding the date of the decision setting the opening date for subscriptions; and that (ii) the Board of Directors will be able to convert all or part of the discount into a free allocation of shares or securities giving access to the share capital of the Company. *Note: this limit, in addition to the nominal amount of securities that may be issued, count towards that set forth in resolution 18 of the AGM of 17 May 2022.*	Not used. *Note: on 18 July 2022, a capital increase of a nominal EUR 15,949,182.50 pursuant to resolution 23 of the AGM of 19 May 2020, the limit of which was EUR 16 million.*	The Board approved the principle of the operation on 7 February 2023 for a nominal amount of EUR 15,696 million and for which the Chief Executive Officer received authorisation.
1.2% of the share capital at the date on which the authorisation was granted, including a maximum of 0.5% of the share capital with a two-year vesting period for the payment of deferred variable compensation. *Note: this limit counts towards that set forth in resolution 18 of the AGM of 17 May 2020.* 0.1% of the capital for the Chief Executive Officers. *Note: this 0.1% limit counts towards those of 1.2% and 0.5% set forth in resolution 22 of the AGM of 17 May 2022.*	Not used. *Note: at 10 March 2022, 1,903,466 shares were allocated, i.e., 0.23% of the share capital on the day of the allocation, corresponding to 0.22% of the share capital on 19 May 2020 (date of the vote at the AGM for which resolution 24 was used for this allocation).*	None
0.5% of the share capital on the authorisation date. *Note: this limit counts towards that set forth in resolution 18 of the AGM of 17 May 2022.*	Not used. *Note: at 10 March 2022, 1,214,267 shares were allocated, i.e., 0.15% of the share capital on the day of the allocation, corresponding to 0.14% of the share capital on 19 May 2020 (date of the vote at the AGM for which resolution 25 was used for this allocation).*	None
10% of the total number of shares per 24-month period.	Reduction of share capital on 1 February 2022 *via* the cancellation of 16,247,062 shares.	Reduction of share capital on 1 February 2023 *via* the cancellation of 41,674,813 shares.

Additional information about the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors

ABSENCE OF CONFLICTS OF INTEREST

To the best of the Board of Directors' knowledge:

- no potential conflicts of interest exist between the duties performed by the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors on behalf of Societe Generale and any other obligations or private interests. Where necessary, Article 14 of the Board of Directors' Internal Rules governs conflicts of interest for Directors;
- no arrangements or agreements have been entered into with a shareholder, customer, supplier or other party pursuant to which one of the aforementioned persons has been selected;
- no family relationship exists between the aforementioned persons;
- no restriction other than statutory restrictions shall be accepted by any of the aforementioned persons with regard to the disposal of their stake in Societe Generale's share capital.

ABSENCE OF CONVICTIONS

To the best of the Board of Directors' knowledge:

- neither the Chief Executive Officer, the Deputy Chief Executive Officers, nor any current member of the Board of Directors has been convicted of fraud over the past five years;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been involved (as a member of the Board of Directors, Management Board or Supervisory Board, or as a manager) in any bankruptcy, receivership, liquidation proceedings or placement of a company under administration over the past five years;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors, has been involved in an official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies);
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in a managerial capacity or being involved in the conduct of the business or affairs of any issuer over the past five years.

3.1.8 ORDINARY AGREEMENTS AND REGULATED AGREEMENTS

Ordinary agreements

Following its meeting of 12 December 2019, the Board of Directors implemented pursuant to the provisions of Article L. 22-10-12 of the French Commercial Code, a procedure reviewed by the Nomination and Corporate Governance Committee to conduct regular reviews to ascertain whether the agreements involving ordinary operations concluded under normal conditions genuinely comply with these conditions.

The procedure may be viewed on the Company's website under the Board of Directors tab.

As a result of implementing of this procedure, an Assessment Report is drafted based on information received from the Business Units (BU) and the Services Units (SU). Where appropriate, the report specifies the agreements for which the BU or SU sought assistance from the Secretary of the Board of Directors or from General Management regarding their legal status as ordinary agreements concluded under normal conditions. Those persons having a direct or indirect interest in one of these agreements do not take part in assessing the agreements in which they have an interest. The Assessment Report for FY 2022 does not mention any such agreement. The Nomination and Corporate Governance Committee reviewed the report on 9 January 2023. At its meeting of 12 January 2023, the Board of Directors subsequently ensured that the assessment procedure in place was followed correctly and that it was effective, based on the Assessment Report previously reviewed by the Nomination and Corporate Governance Committee.

Regulated agreements

In accordance with the provisions of the Pacte Law, codified in Article L. 22-10-13 of the French Commercial Code, information relating to the agreements described in Article L. 225-38 of the French Commercial Code are available on the Company's website under the Board of Directors tab, at the latest when said agreements are signed, and may be consulted in the Universal Registration Document.

3.2 STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS

ERNST & YOUNG et Autres
Tour First
TSA 1444492037
Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de € 2.188.160
572 028 041 R.C.S. Nanterre

SOCIETE GENERALE
Société Anonyme
17, cours Valmy
92972 Paris-La Défense

Annual General Meeting held to approve the financial statements for the year ended December 31, 2022

This is a translation into English of the statutory auditors' report on related-party agreements that is issued in French and it is provided solely for the convenience of English-speaking users.

This report on related-party agreements should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the Annual General Meeting of Société Générale,

In our capacity as statutory auditors of your Company, we hereby report to you on related-party agreements.

The terms of our engagement require us to inform you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying why they benefit the Company, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code (*Code de commerce*) relating to the continuation of the implementation during the year ended December 31, 2022, of the agreements previously approved by the Annual General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement.

Agreements submitted to the approval of the annual general meeting

We hereby inform you that we have not been notified of any agreements that were authorized and entered into during the year ended December 31, 2022, to be submitted to the approval of the Annual General Meeting in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the annual general meeting

We hereby inform you that we have not been notified of any agreement previously approved by the Annual General Meeting whose implementation continued during the year ended December 31, 2022.

Paris-La Défense, March 13, 2023

The Statutory Auditors

ERNST & YOUNG et Autres

Micha Missakian Vincent ROTY

Deloitte & Associés

Jean-Marc MICKELER Maud MONIN

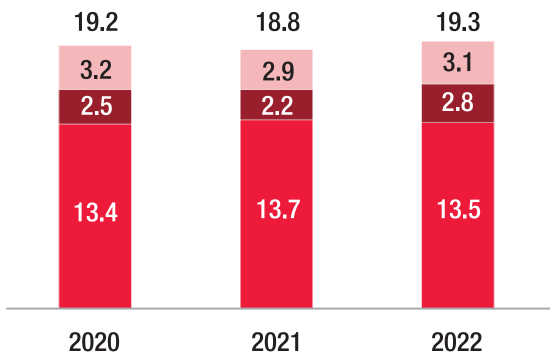
4

RISK AND CAPITAL ADEQUACY

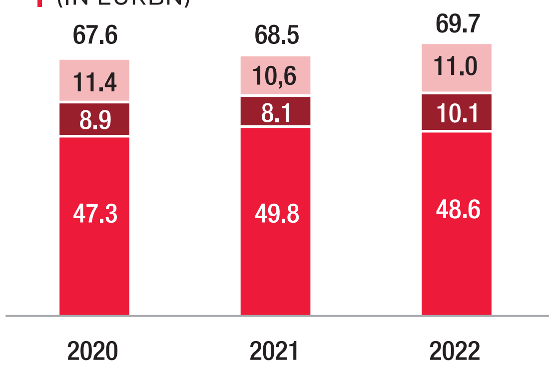
KEY FIGURES

The solvency and leverage prudential ratios, as well as the amounts of regulatory capital and RWA featured here take into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.34% at end 2022, the phasing effect being +17 bps) and the effects of the ECB's Covid-19 transitional measures ending on 31 December 2022.

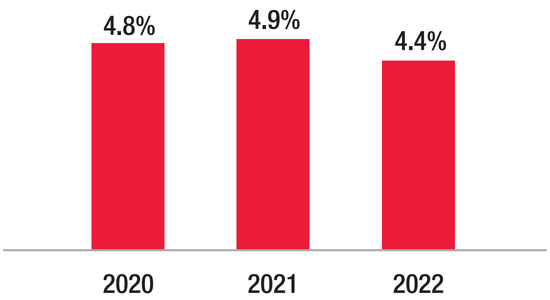
SOLVENCY RATIOS
(IN %)



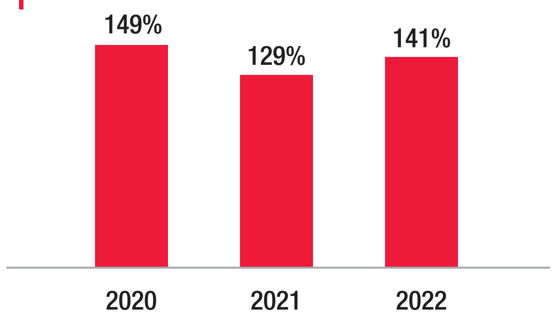
REGULATORY CAPITAL
(IN EURBN)



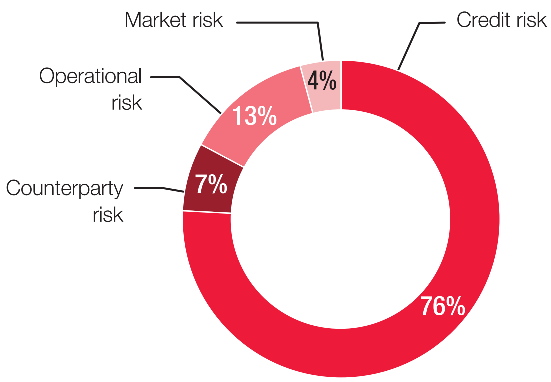
LEVERAGE RATIO



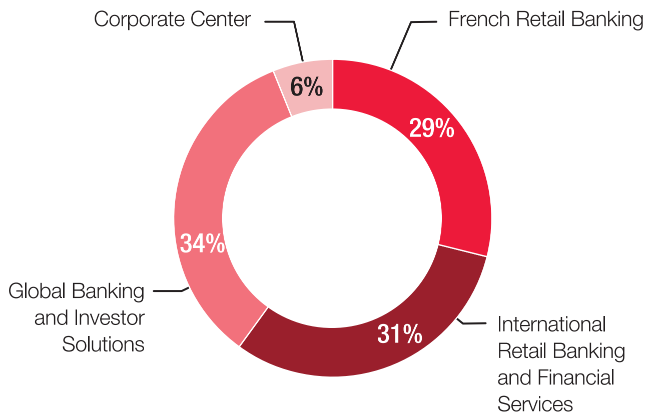
LCR RATIO



DISTRIBUTION OF RWA BY RISK TYPE
(TOTAL RWA AT END 2022: EUR 360BN *VS.* EUR 363BN AT END 2021)



DISTRIBUTION OF RWA BY CORE BUSINESS
(TOTAL RWA AT END 2022: EUR 360BN *VS.* EUR 363BN AT END 2021)

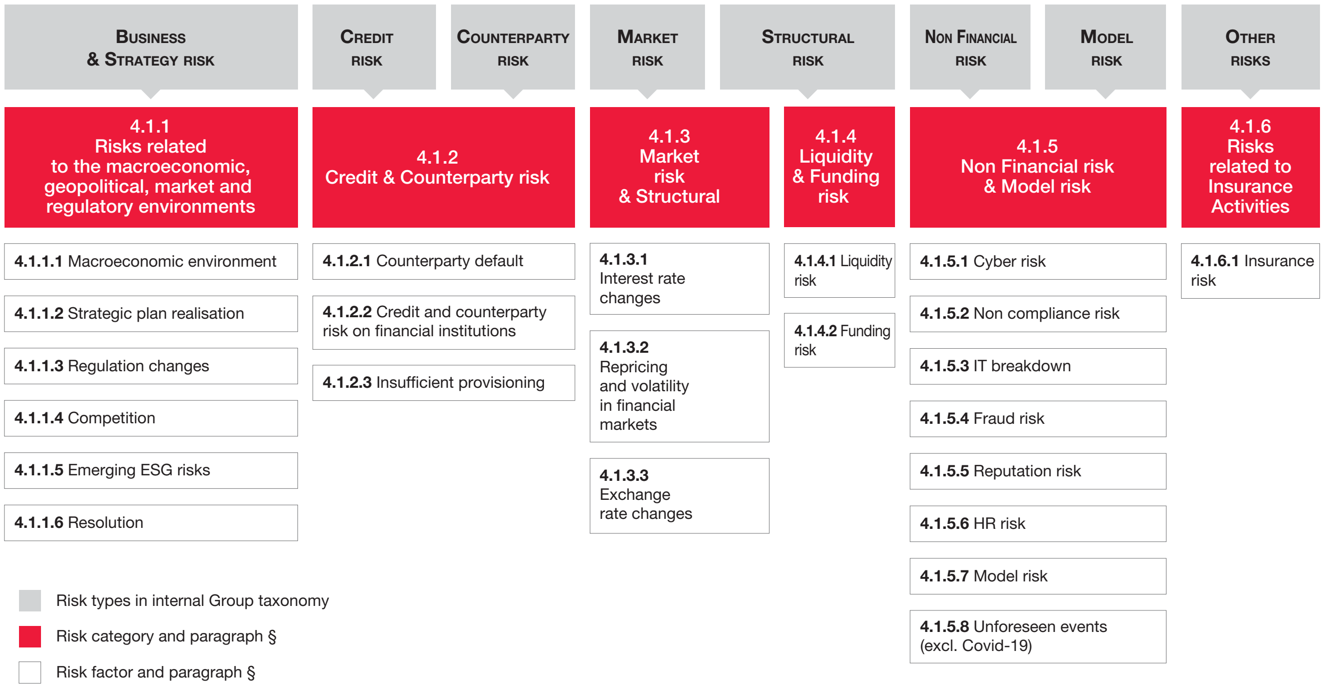


4.1 RISK FACTORS BY CATEGORY

This section identifies the main risk factors that the Group estimates could have a significant effect on its business, profitability, solvency or access to financing.

As part of its internal risk management, Societe Generale has updated its risk typology. For the purposes of this section, these different types of risks have been grouped into six main categories (4.1 to 4.1.6), in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017, according to the main risk factors that the Group believes could impact the risk categories. Risk factors are presented based on an evaluation of their materiality, with the most material risks indicated first within each category.

The diagram below illustrates how the categories of risks identified in the risk typology have been grouped into the six categories and which risk factors principally impact them.



Note to the reader: the diagram illustrates how the types of risks identified in the Group's risk typology have been grouped into the six categories and which risk factors mainly impact them.

4.1.1 RISKS RELATED TO THE MACROECONOMIC, GEOPOLITICAL, MARKET AND REGULATORY ENVIRONMENTS

4.1.1.1 The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 49% of its business in France (in terms of net banking income for the financial year ended 31 December 2022), 32% in Europe, 7% in the Americas and 12% in the rest of the world. The Group could face significant deteriorations in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions and fluctuations in commodity prices (notably oil and natural gas). Other factors could explain such deteriorations, such as variations in currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). In addition, the Covid-19 crisis continues to have an impact mainly in China, where the so-called "Zero Covid" policy has begun to be relaxed. Such events, which can develop quickly and whose effects may not have been anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The economic and financial environment is exposed to intensifying geopolitical risks. The war in Ukraine which began in February 2022 has led to high tensions between Russia and Western countries, with significant impacts on global growth, energy and raw materials prices, as well as on a humanitarian level. The economic and financial sanctions imposed by a large number of countries, particularly in Europe and the United States, against Russia and Belarus could significantly affect operators with direct or indirect links to Russia, with a material impact on the Group's risks (credit and counterparty, market, reputation, compliance, legal, operational, etc.). The Group will continue to analyse in real time the global impact of this crisis and to take all necessary measures to comply with applicable regulations.

In Asia, US-China relations are fraught with trade tensions and the risk of technological fractures.

After a long period of low interest rates, the current inflationary environment is leading the major central banks to raise rates. The entire economy will need to adapt to a context of higher interest rates. In addition to the impact on the valuation of equities, interest rate-sensitive sectors such as real estate will have to adjust. The US Federal Reserve and the European Central Bank (ECB) are expected to continue to tighten monetary conditions in the first half of 2023 before taking a break as inflation recedes according to our predictions. In the meantime, inflation in the US and Europe continues to impact the price of services, food and energy.

This crisis could generate strong volatility on the financial markets and a significant drop in the price of certain financial assets, potentially leading to payment defaults, with consequences that are difficult to anticipate for the Group. In France, after the long period of low interest rates which fostered an upturn of the housing market, a reversal of activity in this area could have an adverse effect on the Group's asset value and on business, by decreasing demand for loans and resulting in higher rates of non-performing loans. More generally, the higher interest rates environment in a context where public and private debts have tended to increase is an additional source of risk.

Considering the uncertainty generated by this situation, both in terms of duration and scale, these disruptions could persist throughout 2023 and have a significant impact on the activity and profitability of certain Group counterparties.

Against the backdrop of the continuing war in Ukraine, the reduction in Russian gas imports and the introduction of an embargo on Russian oil on 5 December 2022, the European energy sector is facing a more difficult and uncertain situation. Gas prices have risen and remain highly volatile. A total halt in Russian gas supplies combined with a post-Covid-19 economic recovery in China could lead to a further spike in gas prices, affecting European economic growth.

In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them.

With regard to financial markets, in the context of Brexit, the topic of non-equivalence of clearing houses (central counterparties, or CCPs) remains a point of vigilance, with possible impacts on financial stability, notably in Europe, and therefore on the Group's business. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

On the mobility market, due to the shortage of new car supply, demand for used vehicles has risen, pushing up resale prices sharply. As a result, ALD has recorded a historically high result on used vehicle sales for the past year. The Group is exposed to a potential loss in a financial year from (i) resale of vehicles related to leases which expire during the period whose resale value is lower than their net carrying amount and (ii) additional impairment during the lease period if residual value drops below contractual residual value. Future sales and estimated losses are impacted by external factors such as macroeconomic conditions, government policies, tax and environmental regulations, consumer preferences, new vehicle prices, etc. The Group anticipates for 2023 that supply chains may not return to normal immediately, which could support the resale prices of used vehicles.

The Group's results are therefore exposed to the economic, financial, political and geopolitical conditions of the main markets in which the Group operates.

4.1.1.2 The Group's failure to achieve its strategic and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and the value of its financial instruments.

The Group is fully on track to achieving its strategic milestones and has set targets for profitable and sustainable growth out to 2025 with:

- average annual revenue growth of 3% or greater over the 2021-2025 period by focusing on growth in the most profitable businesses;
- an improved cost to income ratio equal to or lower than 62% in 2025 and ROTE of 10% based on a targeted CET1 ratio of 12% in 2025;
- disciplined management of scarce resources, in addition to keeping a tight rein on risks, will help strengthen and improve the quality of the Bank's balance sheet;
- stringent loan portfolio management with cost of risk of around 30 basis points in 2025;
- increased use of new technologies and digital transformation;
- commitments in Environmental, Social and Governance areas.

More precisely, the Group's "Vision 2025" project anticipates the merger between the Retail Banking network of Societe Generale in France and Crédit du Nord. Although this project has been designed to achieve controlled execution, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. System reconciliations could undergo delays, thereby postponing part of the expected merger benefits. The project could lead to some staff departures, requiring replacements and training efforts which could potentially generate additional costs. The merger could also lead to the departure of some of the Group's customers, resulting in loss of revenue. The legal and regulatory aspects of the transaction could prompt delays and additional costs.

Following ALD's announcement on 6 January 2022 of its plan to acquire LeasePlan, Societe Generale and ALD announced on 22 April 2022 the signing of a framework agreement, with the aim of creating a global leader in mobility solutions. The acquisition is notably subject to receiving certain regulatory approvals and to the performance of other standard conditions precedent.

The Group also announced in November 2022 the signing of a letter of intent with AllianceBernstein to combine the equity research and execution businesses in a joint venture to create a leading global franchise in these activities. This announcement was followed by the signature of an acquisition agreement in early February 2023.

The conclusion of final agreements on these strategic transactions depends on several stakeholders and, accordingly, is subject to a degree of uncertainty. The inability to close on the transactions would not have an immediate impact on the Group's activity, but could potentially weigh on the share price, at least temporarily.

Societe Generale has placed Environmental, Social and Governance (ESG) at the heart of its strategy in order to contribute to positive transformations in the environment and the development of local regions. In this respect, the Group has made a certain number of commitments (see Chapter 2, page 46 and following and Chapter 5, page 291 and following). Failure to comply with these commitments, and those that the Group may make in the future, could harm its reputation. Furthermore, the rollout of these commitments may have an impact on the Group's business model. Last, failure to make specific commitments could also generate reputation and strategic risk.

The Group may face execution risk on these strategic projects, which are to be carried out simultaneously. Any difficulty encountered during the process of integrating the activities (particularly from a human resources standpoint) is likely to generate higher integration costs and lower-than-anticipated savings, synergies and benefits. Moreover, the process of integrating the acquired operational businesses into the Group could disrupt the operations of one or more of its subsidiaries and divert General Management's attention, which could have a negative impact on the Group's business and results.

4.1.1.3 The Group is subject to an extended regulatory framework in each of the countries in which it operates and changes to this regulatory framework could have a negative effect on the Group's businesses, financial position and costs, as well as on the financial and economic environment in which it operates.

The Group is subject to the laws of the jurisdictions in which it operates. This includes French, European and US legislation as well as other local laws in light of the Group's cross-border activities, among other factors. The application of existing laws and the implementation of future legislation require significant resources that could affect the Group's performance. In addition, possible failure to compliance with laws could lead to fines, damage to the Group's reputation, force the suspension of its operations or, in extreme cases, the withdrawal of operating licences.

Among the laws that could have a significant influence on the Group:

- several regulatory changes are still likely to significantly alter the framework for Market activities: (i) the possible strengthening of transparency constraints related to the implementation of the new requirements and investor protection measures (review of MiFID II/MiFIR, IDD, ELTIF (European Long-Term Investment Fund Regulation)), (ii) the implementation of the fundamental review of the trading book, or FRTB, which may significantly increase requirements applicable to European banks and (iii) possible relocations of clearing activities could be requested, despite the European Commission's decision of 8 February 2022 to extend the equivalence granted to UK central counterparties until 30 June 2025;
- new requirements resulting from the EU banking regulation reform proposal presented on 27 October 2021 by the European Commission. The reform consists of several legislative instruments to amend the directive on capital requirements (European Parliament and EU Council, Directive 2013/36/EU, 26 June 2013) as well as the regulation on capital requirements (CRR) (European Parliament and EU Council, regulation (EU) No. 575/2013, 26 June 2013);
- in the United States, the implementation of the Dodd-Frank Act has almost been finalised. The Securities and Exchange Commission's (SEC) regulations relating to security-based swap dealers have been implemented and Societe Generale has been registered with the SEC as a Securities Based Swap Dealer;
- european measures aimed at restoring banks' balance sheets, especially through active management of non-performing loans ("**NPLs**"), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. More generally, additional measures to define a framework of good practices for granting (*e.g.*, loan origination orientations published by the European Banking Authority) and monitoring loans could also have an impact on the Group;
- the strengthening of data quality and protection requirements and a future strengthening of cyber-resilience requirements in relation to the adoption by the Council on 28 November 2022, which completes the legislative process, of the European directive and regulation package on digital operational resilience for the financial sector;
- the implementation of the European sustainable finance regulatory framework, with an increase in non-financial reporting obligations, enhanced inclusion of environmental, social and governance issues in risk management activities and the inclusion of such risks in the supervisory review and assessment process (Supervisory Review and Evaluation Process, or SREP);
- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), as revised, which gives the Single Resolution Board ("SRB") the power to initiate a resolution procedure towards a credit institution when the point of non-viability is considered reached. In this context, the SRB could, in order to limit the cost to the taxpayer, force some creditors and the shareholders of the Group to incur losses in priority. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of the remuneration of its debt instruments, issue new debt instruments, accept a depreciation of its debt instruments or convert them into equity securities. New legal and regulatory obligations could also be imposed on the Group in the future, such as:
  - the ongoing implementation in France of consumer-oriented measures affecting retail banking,
  - the potential requirement at the European level to open more access to banking data to third-party service providers,
  - new obligations arising from a package of proposed measures announced by the European Commission on 20 July 2021 aiming to strengthen the European supervisory framework around the fight against money laundering and terrorist financing, as well as the creation of a new European agency to fight money laundering;
- from 2023, new regulatory texts will enter into force concerning rate risk of Banking Book (stress on IM, caps on maturity of deposits flows, etc.) and credit rate of banking portfolio. These new texts could constrain certain aspects of rate and credit risk monitoring.

The Group is also subject to complex tax rules in the countries where it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of certain evolutions or their effects may have a negative impact on the Group's business, financial position and costs.

Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group largely implemented, through a dedicated programme and a specific organisation, corrective actions to address identified deficiencies and strengthen its compliance programme. In the event of a failure to comply with relevant US regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

4.1.1.4 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.

Due to its international activity, the Group faces intense competition in the international and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which would be detrimental to the profitability of the Group's activities.

Consolidation in the financial services industry could result in the competitors benefiting from greater capital, resources and an ability to offer a broader range of financial services. In France and in the other main markets where the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably neo-banks and online financial services providers), has increased competition for virtually all products and services offered by the Group. New market participants such as "fintechs" and new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors could be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.), which themselves carry risks.

Moreover, competition is also enhanced by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, in particular with regard to the development of digital technologies and the establishment of commercial or equity partnerships with these new actors (such as Lumo, the platform offering green investments, or Shine, the neobank for professionals). In this context, additional investments may be necessary for the Group to be able to offer new innovative services and to be competitive with these new actors. This intensification of competition could, however, adversely affect the Group's business and results, both on the French market and internationally.

4.1.1.5 Environmental, social and governance (ESG) risks, in particular related to climate change, could have an impact on the Group's activities, results and financial situation in the short-, medium- and long-term.

Environmental, social and governance (ESG) risks are defined as risks stemming from the current or prospective impacts of ESG factors on counterparties or invested assets of financial institutions. ESG risks are seen as aggravating factors to the traditional categories of risks (credit risks, counterparty risks, market risks, structural risks (including liquidity and funding risks), operational risks, reputational risks, compliance risks and risks related to insurance activities) and are likely to impact the Group's activities, results and financial position in the short, medium and long-term.

The Group is thus exposed to environmental risks, and in particular climate change risks through certain of its financing, investment and service activities. Concerning climate risks, a distinction is made between (i) physical risk, with a direct impact on entities, people and property stemming from climate change and the multiplication of extreme weather events; and (ii) transition risk, which results from the process of transitioning to a low-carbon economy, such as regulatory or technological disruptions or changes in consumer preferences.

The Group could be exposed to physical risk resulting from a deterioration in the credit quality of its counterparties whose activity could be negatively impacted by extreme climatic events or long-term gradual changes in climate, and through a decrease in the value of collateral received (particularly in the context of real estate financing in the absence of guarantee mechanisms provided by specialised financing companies).

Beyond the risks related to climate change, risks more generally related to environmental degradation (such as the risk of loss of biodiversity) are also aggravating factors to the Group's risks. The Group could notably be exposed to credit risk on a portion of its portfolio, linked to lower profitability of some of its counterparties due, for example, to increasing legal and operating costs (for instance due to the implementation of new environmental standards).

In addition, the Group is exposed to social risks, related for example to non-compliance by some of its counterparties with labour rights or workplace health and safety issues, which may trigger or aggravate reputational and credit risks for the Group.

Similarly, risks relating to governance of the Group's counterparties and stakeholders (suppliers, service providers, etc.), such as an inadequate management of environmental and social issues, could generate credit and reputational risks for the Group.

Beyond the risks related to its counterparties or invested assets, the Group could also be exposed to risks related to its own activities. Therefore, the Group is exposed to physical climate risk with respect to its ability to maintain its services in geographical areas impacted by extreme events (floods, etc.).

The Group also remains exposed to specific social and governance risks, relating for example to the operational cost of implementation of regulations related to labour laws and the management of its human resources.

All of these risks could have an impact on the Group's business, results and reputation in the short, medium and long term.

4.1.1.6 The Group is subject to regulations relating to resolution procedures, which could have an adverse effect on its business and the value of its financial instruments.

The BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the Single Resolution Mechanism, or "SRM") define a European Union-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD provides the authorities with a set of tools to intervene early and quickly enough in an institution considered to be failing so as to ensure the continuity of the institution's essential financial and economic functions while reducing the impact of the failure of an institution on the economy and the financial system (including the exposure of taxpayers to the consequences of the failure). Under the SRM Regulation, a centralised resolution authority is established and entrusted to the SRB and national resolution authorities.

The powers granted to the resolution authority under the BRRD and the SRM Regulations include write-down/conversion powers to ensure that capital instruments and eligible liabilities absorb the Group's losses and recapitalise it in accordance with an established order of priority (the "Bail-in Tool"). Subject to certain exceptions, losses are borne first by the shareholders and then by the holders of additional Tier 1 and Tier 2 capital instruments, then by the non-preferred senior debt holders and finally by the senior preferred debt holders, all in the order of their claims in a normal insolvency proceeding. The conditions for resolution provided by the French Monetary and Financial Code implementing the BRRD are deemed to be met if: (i) the resolution authority or the competent supervisory authority determines that the institution is failing or likely to fail; (ii) there is no reasonable perspective that any measure other than a resolution measure could prevent the failure within a reasonable timeframe; and (iii) a resolution measure is necessary to achieve the resolutions' objectives (in particular, ensuring the continuity of critical functions, avoiding a significant negative effect on the financial system, protecting public funds by minimising the recourse to extraordinary public financial support, and protecting customers' funds and assets) and the winding up of the institution under normal insolvency proceedings would not meet these objectives to the same extent.

The resolution authority could also, independently of a resolution measure or in combination with a resolution measure, proceed with the write-down or conversion of all or part of the Group's capital instruments (including subordinated debt instruments) into equity if it determines that the Group will no longer be viable unless it exercises this write-down or conversion power or if the Group requires extraordinary public financial support (except where the extraordinary public financial support is provided in the form defined in Article L. 613-48 III, paragraph 3 of the French Monetary and Financial Code).

The Bail-in Tool could result in the write-down or conversion of capital instruments in whole or in part into ordinary shares or other ownership instruments.

In addition to the Bail-in Tool, the BRRD provides the resolution authority with broader powers to implement other resolution measures with respect to institutions that meet the resolution requirements, which may include (without limitation) the sale of the institution's business segments, the establishment of a bridge institution, the split of assets, the replacement or substitution of the institution as debtor of debt securities, changing the terms of the debt securities (including changing the maturity and/or amount of interest payable and/or the imposition of a temporary suspension of payments), the dismissal of management, the appointment of a provisional administrator and the suspension of the listing and admission to trading of financial instruments.

Before taking any resolution action, including the implementation of the Bail-in Tool, or exercising the power to write down or convert relevant capital instruments, the resolution authority must ensure that a fair, prudent and realistic valuation of the institution's assets and liabilities is made by a third party independent of any public authority.

The application of any measure under the French implementing provisions of the BRRD or any suggestion of such application to the Group could have a material adverse effect on the Group's ability to meet its obligations under its financial instrument and, as a result, holders of these securities could lose their entire investment.

In addition, if the Group's financial condition deteriorates, the existence of the Bail-in Tool or the exercise of write-down or conversion powers or any other resolution tool by the resolution authority (independently of or in combination with a resolution) if it determines that Societe Generale or the Group will no longer be viable could result in a more rapid decline in the value of the Group's financial instruments than in the absence of such powers.

4.1.2 CREDIT AND COUNTERPARTY CREDIT RISKS

Weighted assets (RWA) in relation to credit and counterparty risks amounted to EUR 300.7 billion at 31 December 2022.

4.1.2.1 The Group is exposed to credit, counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its Financing and Market activities, the Group is exposed to credit and counterparty risk. The Group may therefore incur losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing the collateral allocated to its exposures or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence of these counterparties.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

At 31 December 2022, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 956 billion, with the following breakdown by type of counterparty: 29% on sovereigns, 31% on corporates, 23% on retail customers and 5% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled EUR 276 billion.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2022, the exposure value (EAD) was EUR 163 billion, mainly to corporates (36%) and credit institutions and similar entities (31%) and to a lesser extent to sovereign entities (29%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 21 billion.

At 31 December 2022, the main sectors to which the Group is exposed in its corporate portfolio included financial activities (accounting for 6.9% of total Group exposure), real estate (3.5%), social services (2.8%), manufacturing (2.2%), telecommunications, media and technology (2.0%), the agriculture sector and agri-food industries (1.8%) and the oil and gas sector (1.8%).

In terms of geographical concentration, the five main countries to which the Group was exposed at 31 December 2022 were France (51% of the Group's total EAD, mainly related to Sovereigns and Retail customers), the US (15% of EAD, mainly related to corporates and sovereigns), the UK (4% of EAD, mainly related to corporates and credit institutions), Germany (4% of total Group EAD, mainly related to credit institutions and corporates) and the Czech Republic (3% of the Group's total EAD, mainly related to retail clients and corporates). Furthermore, the financial situation of certain counterparties could be affected by the geopolitical tensions mentioned in section 4.1.1.1 *"The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations"*.

For more detail on credit and counterparty risk, see sections 4.5.5 *"Quantitative information"* and 4.6.3 *"Counterparty credit risk measures"* of the 2023 Universal Registration Document.

4.1.2.2 The financial soundness and conduct of other financial institutions and market participants could have an adverse effect on the Group's business.

Financial institutions and other market players (commercial or investment banks, credit insurers, mutual funds, alternative funds, institutional clients, clearing houses, investment service providers, etc.) are important counterparties for the Group in capital or inter-bank markets. Financial services institutions and financial players are closely interrelated as a result of trading, clearing and funding relationships. In addition, there is a growing involvement in the financial markets of players with little or no regulation (hedge funds, for example). As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors could result in market-wide liquidity scarcity or chain defaults, which would have an adverse effect on the Group's activity but which is subject to a specific framework. The situation in Ukraine and the consequences of, among other things, international sanctions and the evolution of the financial markets, in particular the rise in interest rates, could also weaken or even cause the default of a certain number of financial actors. In addition, certain financial actors could experience operational or legal difficulties in the unwinding or settlement of certain financial transactions.

The Group is exposed to clearing institutions and their members because of the increase in transactions traded through these institutions, induced in part by regulatory changes that require mandatory clearing for over-the-counter derivative instruments standardised by these clearing counterparties. The Group's exposure to clearing houses amounted to EUR 32.7 billion of EAD on 31 December 2022. The default of a clearing institution or one of its members could generate losses for the Group and have an adverse effect on the business and results of the Group. These risks are also subject to specific monitoring and supervision.

The Group is also exposed on assets held as collateral for credit or derivatives instruments, with the risk that, in the event of failure of the counterparty, some of these assets may not be sold or that their disposal price may not cover the entire exposure in credit and counterparty risks. These assets are subject to periodic monitoring and a specific management framework.

4.1.2.3 The Group's results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment, based notably on multi-scenario approaches, relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical losses and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS 9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on regularly updated macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment. A deterioration of the geopolitical and macroeconomic environment could lead to a significant and/or not-fully-anticipated variation in the cost of risk and therefore in the Group's results of operations.

At 31 December 2022, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.8 billion on performing assets and EUR 8.2 billion on assets in default. Outstanding loans in default at amortised cost (stage 3 under IFRS 9) represented EUR 16.3 billion, including 49% in France, 24% in Africa and Middle East and 10% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 2.8% and the gross coverage ratio of these loans was approximately 48%. The cost of risk stood at 28 basis points in 2022, against a cost of risk of 13 basis points in 2021.

4.1.3 MARKET AND STRUCTURAL RISKS

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

4.1.3.1 Sharp changes in interest rates may adversely affect retail banking activities in France in the short term.

The Group generates a significant part of its income through net interest margins and, as such, remains exposed to interest-rate fluctuations in both absolute terms and with respect to the shape of the yield curve, particularly in its Retail Banking activities in France. The Group's results are influenced by changes in interest rates in Europe and in the other markets where it operates.

There is a risk of the Group's interest-rate margin narrowing when interest rates decline, due not only to lower remuneration from deposit replacement but also to a higher risk of mortgage loans being renegotiated in the French market.

A series of very rapid rate hikes also presents a risk to the Group's revenues. This scenario can materialise when central banks put a stop to accommodating monetary policies in response to economic recovery or spiking inflation. A sharp increase in key rates combined with a context of high inflation may have negative effects in the short- and medium-term, particularly in France, due to the upward interest-rate adjustment to the remuneration on certain savings products (the *Livret A* savings account, in particular) and the inability to fully pass on the increase to client rates for assets such as mortgage and consumer loans (in addition to the specific problems associated with the usury rate in the French market). Furthermore, changes in client behaviour in response to rising rates - notably for savings products - can call for adjustments to the interest-rate hedges in place which could dent Group revenues. Last, a potential decrease in value of assets measured at fair value could also negatively impact revenues.

For more information on structural interest-rate risks, see Chapter 4.8 "Structural risks, interest rate and exchange rate" and Note 8.1 "Segmented reporting" in Chapter 6 of the 2023 Universal Registration Document.

4.1.3.2 Changes and volatility in the financial markets may have a material adverse effect on the Group's business and the results of market activities.

In the course of its activities, the Group takes trading positions in the debt, currency, commodities and stock markets, as well as in unlisted shares, real estate assets and other types of assets including derivatives. The Group is thus exposed to "market risk". Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky financial assets (and especially on the riskiest assets) and generate losses for the Group;
- a sudden change in the levels of volatility and its structure, or alternative short-term sharp declines and fast rebounds in markets, could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's markets activities. Such losses may extend to a broad range of trading and hedging products, notably on derivative instruments, both vanilla and structured.

In the event that a much lower-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions (market positions) on certain products. Such corrections could result in significant losses for the Group's market activities. The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. The realisation of any such losses could have a material adverse effect on the Group's results of operations and financial position.

Similarly, the sudden decrease in, or even the cancellation of, dividends, as experienced during the Covid-19 pandemic, and changes in the correlations of different assets of the same class, could affect the Group's performance, with many activities being sensitive to these risks.

A prolonged slowdown in financial markets or reduced liquidity in financial markets could make asset disposals or position manoeuvrability more difficult, leading to significant losses. In many of the Group's activity segments, a prolonged decline in financial markets, particularly asset prices, could reduce the level of activity in these markets or their liquidity. These variations could lead to significant losses if the Group were unable to quickly unwind the positions concerned, adjust the coverage of its positions, or if the assets held in collateral could not be divested, or if their selling prices did not cover the Group's entire exposure on defaulting loans or derivatives.

The assessment and management of the Group's market risks are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are hypothetically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

In 2022, the reduction in accommodative monetary policies led to significant corrections in certain markets or asset classes. The initiation of a monetary tightening cycle by a few central banks, in order to alleviate inflationary pressures, led to tensions and volatility in rates in the first quarter of 2022, reflected notably by an increase and a flattening of the main curves.

Hope for normalisation in monetary policies in 2023 in the coming months has led to an improvement in overall sentiment of the financial markets and the appreciation of risky assets. However, the deterioration of certain macroeconomic and financial indicators suggests a possible recession in Europe and the US in the next year. This could have a significant negative impact on the Group's market activities and results. Finally, financial markets outlook remains uncertain due in part to inflationary pressures and to a turbulent geopolitical context.

For information purposes, Global Markets & Investor Services activities represented EUR 6.7 billion of net banking income in 2022, or 24% of the Group's total revenues. At 31 December 2022, risk-weighted assets (RWA) in relation to market risk represented EUR 13.7 billion (4% of the Group's total RWA).

4.1.3.3 Fluctuations in exchange rates could adversely affect the Group's results.

As a result of the Group's policy of desensitising the CET1 ratio to changes in the exchange rate of currencies against the euro, the Group's consolidated equity is favorably exposed in the event of currency appreciation against the euro.

Thus, in the event of an appreciation of the euro against foreign currencies, the Group's consolidated equity could be negatively impacted.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the eurozone.

For more information of structural exchange rate risk, see Chapter 4.8 *"Structural risks, interest rate and exchange rate"* of the 2023 Universal Registration Document.

4.1.4 LIQUIDITY AND FUNDING RISKS

4.1.4.1 A downgrade in the Group's external rating or in the sovereign rating of the French state could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions. These spreads can also be affected by an adverse change by the rating agencies in France's sovereign debt rating or countries rating where the Group operates as well as the Group's external ratings as described below.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. The downgrading of the Group's credit ratings, by these or other agencies, could have a significant impact on the Group's access to funding, increase its cost of financing or reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

Material events such as severe damage to the Group's reputation, the deterioration of the economic environment following the health crisis, France's sovereign downgrading or countries downgrading where the Group operates, or more recently as a result of the crisis in Ukraine and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external rating downgrades. The Group's ratings could be placed under negative watch or be subject to a downgrade. In particular, France's sovereign ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 pandemic and the response measures taken by the French government) and the inability to pass structural reforms. These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (*https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings*)

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

In 2022, the Group raised a total of EUR 46.7 billion of long-term funding (of which EUR 44.0 billion for the parent company and EUR 2.7 billion for its subsidiaries) comprising, at the parent company level, senior structured issues (EUR 23.7 billion), subordinated issues (EUR 2.5 billion), senior vanilla non-preferred issues (EUR 6.0 billion), unsecured senior vanilla preferred issues (EUR 6.4 billion) and secured issues (EUR 5.4 billion).

For 2023, the Group has planned a funding programme of approximately EUR 24 billion in vanilla long-term debt, in senior preferred and secured debt as well as in senior non-preferred debt and subordinated debt.

4.1.4.2 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions.

In past crises (such as the 2008 financial crisis, the eurozone sovereign debt crisis, the tensions on the financial markets linked to the Covid-19 pandemic before the intervention of the central banks, or more recently the tensions linked to the crisis in Ukraine), access to financing from European banks was intermittently restricted or subject to less favorable conditions.

If unfavorable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavorable and could have an adverse impact on the Group's operating results as well as its financial position.

For several years, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows and by setting up TLTRO (Targeted Longer-Term Refinancing Operations) type facilities and by implementing asset purchase policies to keep long-term interest rates at very low levels. In a context of higher inflation, central banks (notably the ECB and the US Federal Reserve) have begun to phase out these accommodating policies. In this context, the Group could face an unfavorable evolution of its financing cost and access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing, which would reduce its net interest margin as well as its results.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood at 145% at 31 December 2022 and liquidity reserves amounted to EUR 279 billion at 31 December 2022.

4.1.5 EXTRA-FINANCIAL RISKS (INCLUDING OPERATIONAL RISKS) AND MODEL RISKS

At 31 December 2022, risk-weighted assets in relation to operational risk amounted to EUR 46 billion, or 13% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (63% of total operational risk).

Between 2018 and 2022, the Group's operational risks were primarily concentrated in five risk categories, representing 94% of the Group's total operating losses observed over the period: fraud (mainly external frauds) and other criminal activities (33%), execution errors (24%), disputes with authorities (15%), errors in pricing or risk assessment, including model risk (13%) and commercial disputes (9%). The Group's other categories of operational risk (unauthorised activities in the markets, loss of operating resources and failure of information systems) remain minor, representing on average 6% of the Group's losses between 2018 and 2022.

See Chapter 4.10.3 "Operational risk measurement" of the 2023 Universal Registration Document for more information on the allocation of operating losses.

4.1.5.1 A breach of information systems, notably in the event of cyberattack, could have an adverse effect on the Group's business, results in losses and damage the Group's reputation.

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking and the digitalisation of processes. Any breach of its systems or the systems of its external partners could materially disrupt the Group's business. Such incidents could result in significant costs related to the recovery and verification of information, loss of revenues, customer attrition, disputes with counterparties or customers, difficulties in managing market operations and short-term refinancing operations, and ultimately damage the Group's reputation. Difficulties experienced by the Group's counterparties could also indirectly generate credit and/or reputational risks for the Group. The situation stemming from the conflict in Ukraine mentioned in section 4.1.1.1 "The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations" increases the risk of cyberattacks for the Group and its external partners.

Each year, the Group is subject to several cyberattacks on its systems or those of its clients, partners and suppliers. The Group could be subject to targeted and sophisticated attacks on its computer network, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data (which could constitute violations of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"). Such actions could result in operational losses and have an adverse effect on the Group's business, results and reputation with its customers.

4.1.5.2 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.

In the case of non-compliance with applicable laws and regulations, the Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk for the Group of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group's business, financial position and results of operations. The situation generated by the conflict in Ukraine mentioned in 4.1.1.1 "*The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations*" could increase the Group's legal risk.

In preparing its financial statements, the Group makes estimates regarding the financial outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group's financial position or results of operations could be adversely affected.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 396 million at 31 December 2022.

For a description of the most significant ongoing proceedings, see section 4.11 *"Compliance "*, Note 8.3.2 *"Other provisions for risks and expenses"* and Note 9 *"Information on risks and litigation"* of Chapter 6 of the 2023 Universal Registration Document.

4.1.5.3 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure of information technology systems could have an adverse effect on the Group's business and result in losses and damages to its the reputation.

Any dysfunction, failure or interruption of service of the Group's communication and information systems or the systems of its external partners, even brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants.

The interconnections between various financial institutions, clearing houses, stock exchanges and service providers, including external cloud services, increase the risk that the operational failure of any one of them could lead to an operational failure of the entire sector, which could have an adverse impact on the Group's ability to conduct its business and could therefore result in losses. This risk is likely to be increased by industry concentration, whether among market participants or financial intermediaries, as complex and disparate systems need to be integrated, often on an accelerated basis.

The Group is also subject to various regulatory reforms and major internal strategic projects that may lead to operational disruptions and have an impact on the Group's operations, the accounting of transactions and their tax or prudential treatment, and on the Group's results in the event of poor project management and understanding of operational risks. Examples include the merger of the Societe Generale and Crédit du Nord retail networks, with the transfer of Crédit du Nord's information system to the Societe Generale information system, and important steps towards the transfer have already been taken. In addition, the ALD and LeasePlan merger is structured with large project teams to ensure proper execution and impacts for the Group.

4.1.5.4 The Group is exposed to fraud risk, which could result in losses and damage its reputation.

Fraud risk is defined as the intentional non-compliance with existing laws, regulations or procedures, which in most cases results in harm to the bank or its customers and provides the fraudster or his or her relatives with a direct or indirect material or moral benefit.

The risk of fraud increases intrinsically in a crisis context (financial pressure among clients, third parties or our employees) and in a remote working environment that may limit the capacity for monitoring and exchanges by or with the manager or other employees contributing to the prevention or detection of fraud risk. This risk mainly involves external fraud related to the Bank's credit activities and to the means of payment (electronic banking, transfers, and checks) made available to customers. Fraud schemes are changing rapidly in terms of volume and approach, in line with the security measures and counter-measures developed in the market and within the Group. Internal fraud is carried out through the misappropriation of funds and the granting of undue facilities and can be carried out with or without external collusion. Finally, unauthorised rogue trading, with or without circumvention of controls, could impact results and have a very significant negative impact on the Group's reputation.

Between 2018 and 2022, the risk of fraud represented 33% of the Group's total operating losses.

4.1.5.5 Reputational damage could harm the Group's competitive position, its activity and financial condition.

An organisation benefits from a good reputation when its activities and services meet or exceed the expectations of its stakeholders, both external (customers, investors, shareholders, regulators, supervisors, suppliers, opinion leaders such as NGOs, etc.) and internal (employees).

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with clients and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition.

Financing extended by the bank that does not comply with regulations or its commitments, notably in terms of environmental and social responsibility, could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the bank's commitments could affect the Group's reputation. In addition, the situation in Ukraine and the international sanctions put in place create an environment that is likely to increase the Group's reputation risk.

A corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse, tax evasion and money laundering). This risk may arise from the conduct itself as well as from administrative or criminal sanctions penalising an insufficiently effective control environment, such as the sanctions issued by the US and French authorities in 2018 relating to the Group's failure to comply with economic embargo measures.

As a result, a perceived lack of commitment to the Group's Code of Conduct, which aims to anchor the Group's values in terms of ethics and responsibility, could be detrimental to the Group's good reputation.

These various issues could also have a non-negligible impact on the Group's ability to attract and recruit younger talent or to retain talent within the Group.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

For more information about reputation risk please see section 4.11 *"Compliance risk"* of the 2023 Universal Registration Document.

4.1.5.6 The Group's inability to attract and retain qualified employees may adversely affect its performance.

At 31 December 2022, the Group employed more than 117,000 people in 66 countries. Human resources are key assets of the Group, its business model and value proposition.

The emergence of new players and new technologies in the banking sector, as well as the consequences of the health crisis, have accelerated the transformation of the Bank, directly impacting the way the Company operates and the way employees work. Inadequate career and skills management (integration, career prospects, training, HR support, compensation levels in line with market practice, etc.), transformation projects, as well as a lack of attractiveness and poor working conditions could lead to a loss of resources, know-how and commitment. This would have a negative impact on individual and collective performance and the Group's competitiveness. The inability of Societe Generale to attract and retain employees, a high rate of turnover or the loss of strategic employees could adversely affect the performance of the Group, result in a loss of business, a deterioration in the quality of service (at the expense of client satisfaction) and a deterioration in the quality of working life (to the detriment of the employee experience).

For more information, see section 5.1.1 "*Being a responsible employer*" of the 2023 Universal Registration Document.

4.1.5.7 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail, face delays in deployment or prove to be inadequate and result in financial losses for the Group.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, notably with financial consequences. The faulty use of so-called artificial intelligence techniques in the conception of these models could also generate erroneous results.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and could generate losses for the Group. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorised within level 3 (for which the valuation is not based on observed data) represented EUR 14.7 billion and EUR 43.4 billion, respectively, as of 31 December 2022 (see Note 3.4.1 and Note 3.4.2 of Chapter 6 of the consolidated financial statements included in the 2023 Universal Registration Document on financial assets and liabilities measured at fair value);
- the assessment of client solvency and the Bank's exposure to credit risk and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions. It is based on economic scenarios and projections that may not adequately anticipate unfavorable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-valuation and an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the changes of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of a large-scale armed conflict, strong movements in volatility resulting, for example, from a pandemic, or tensions between the United States and China, in the Middle East or in Africa), leading to an ineffective hedging strategy, thus causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;
- hedging strategies to manage the interest-rate and liquidity risks of retail banking activities, particularly those in France, use models that include behavioural assumptions. These models are partly based on historical observations the purpose of which is to predict client behaviour in the most likely scenarios. That said, they may be unsuitable for certain specific or new market configurations - for example, sharp increases and decreases - making the resulting hedging strategies inappropriate, thereby potentially harming bank revenues.

In addition, the Group has introduced changes to its internal credit risk model framework (dubbed the "Haussmann project"). These changes could have a significant impact on the calculation of its RWA credit and counterparty risk in the event of timetable delays when submitting its models to the supervisor or in the event of the late validation by the supervisor.

4.1.5.8 The Group may incur losses as a result of unforeseen or catastrophic events, including health crises, large-scale armed conflicts, terrorist attacks or natural disasters.

The Group remains dependent on its environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 pandemic) or a health crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, large-scale armed conflicts, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris or the Chennai in India), extreme weather conditions (such as heatwaves) or major social unrest (such as the *"Gilets Jaunes"* movement in France) could affect the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). The Group could incur losses if these risks materialise.

4.1.6 RISKS RELATED TO INSURANCE ACTIVITIES

4.1.6.1 A deterioration in market conditions, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.

In 2022, the Group's insurance activities represented net banking income of EUR 1 billion, or 4% of the Group's consolidated net banking income. The Group's Insurance Division is mainly focused on life insurance. At 31 December 2022, life insurance contracts registered outstandings of EUR 132 billion, divided between euro-denominated contracts (64%) and unit-linked contracts (36%).

The Group's Insurance business is highly exposed to interest-rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage operations by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and profitability of the life insurance activity.

More generally, pronounced spread widening and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

In the event of a deterioration in market parameters, the Group could be required to strengthen the capital of its insurance subsidiaries to enable them to continue meeting their regulatory requirements in this domain.

4.2 RISK MANAGEMENT ORGANISATION

4.2.1 RISK APPETITE

Risk appetite is defined as the level of risk that the Group is prepared to accept to achieve its strategic and financial goals.

Principles governing risk appetite

The Group's ambition is to push ahead with sustainable development based on a diversified and balanced banking model with a strong European anchor and a targeted global presence in selected areas of strong business expertise. The Group also wishes to maintain long-term relationships with its clients built on the mutual confidence deserved and to meet the expectations of all of its stakeholders by providing them with responsible and innovative financial solutions.

This is reflected in:

- an organisation with 14[1] Business Units (BUs) offering various products and services to the Group's clients in different geographic locations;
- balanced selective capital allocation between activities:
  - a preponderance of retail banking activities in France and abroad, which currently represent more than 50% of risk weighted assets ("RWA") of the Group,
  - limitation of Business Unit Global Markets' share in the RWA of the Group. In accordance with its client-focused development strategy, the Group ceased its trading activities for its own account[2] in 2019, and finalised its project to simplify the products processed in 2021,
  - non-bank services activities, in particular Insurance and operating leasing activities are conducted in line with the business strategy; they demonstrate a disciplined risk profile and thus generate profitability compliant with the Group's expectations;
- a geographically balanced model:
  - in Retail Banking, the Group focuses on international development where it benefits from a historical presence, extensive market knowledge and top-tier positions, in Retail Banking activities,
  - as regards Global Banking and Investor Solutions, apart from historical establishments, the Group targets activities for which it can leverage international expertise;
- a targeted growth policy, favoring existing areas of expertise, the sound quality business fund and the search for synergies in the diversified banking model;
- a positive and sustainable contribution to the transformation of our economies, in particular with regard to the technological revolution, and economic, social and environmental transitions; CSR concerns are therefore at the heart of its strategy and the Group's relationships with stakeholders (internal and external);
- a strong vigilance as regards its reputation, deemed by the Group to be a high-value asset which must be protected.

A robust financial strength profile

The Group seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- aiming for profitable and resilient business development;
- maintaining a rating allowing access to financial resources at a cost consistent with the development of the Group's businesses and its competitive positioning;
- calibrating its capital and hybrid debt monitorings to ensure:
  - meeting the minimum regulatory requirements on regulatory capital ratios,
  - compliance with the financial conglomerate ratio which considers the combined solvency of the Group's banking and insurance activities,
  - one-year coverage of the "internal capital requirement" using available CET1 capital,
  - a sufficient level of creditor protection consistent with a debt issuance program that is particularly hybrid consistent with the Group's objectives in terms of rating and regulatory ratios such as Tier 1, TLAC ("Total Loss Absorbing Capacity"), MREL ("Minimum Required Eligible Liabilities"), and the leverage ratio;
- ensuring resilience of its liabilities, which are calibrated by taking into account a survival horizon in a liquidity stress ratio, compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term fundings and the foreign exchange needs of the Group's businesses, particularly in dollars;
- controlling the leverage ratio.

Credit risk (including concentration effects)

Credit risk appetite is managed through a system of credit policies, risk limits and pricing policies.

When it takes on credit risk, the Group focuses on medium- and long-term client relationships, targeting both clients with which the Bank has an established relationship of trust and prospects representing profitable business development potential over the mid-term.

Acceptance of any credit commitment is based on in-depth client knowledge and a thorough understanding of the purpose of the transaction.

In particular, concerning the underwriting risk, the Group, mainly through GLBA, makes a steadfast commitment to transactions at a guaranteed price as debt financing arranger, prior to syndicating them to other banking syndicates and institutional investors. If market conditions deteriorate or markets close while the placement is under way, these transactions may create a major over-concentration risk (or losses, if the transaction placement requires selling below the initial price).

(1) Fourteen BUs, after CDN and BDDF merged on 1 January 2023.

(2) In accordance with French banking law, the few residual trading activities of the Group unrelated to clients were isolated in a dedicated subsidiary called Descartes Trading.

The Group limits the cumulative amount of approved underwriting or underwriting positions in order to limit its risk in the event of a prolonged closure of the debt markets.

In a credit transaction, risk acceptability is based first on the borrower's ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk. Security interests are assessed with prudent value haircuts and paying special attention to their actual enforceability.

Complex transactions or those with a specific risk profile are handled by specialised teams within the Group with the required skills and expertise.

The Group seeks risk diversification by controlling concentration risk and maintaining a risk allocation policy through risk sharing with other financial partners (banks or guarantors).

Counterparty ratings are a key criterion of the credit policy and serve as the basis for the credit approval authority grid used in both the commercial and risk functions. The rating framework relies on internal models. Special attention is paid to timely updating of ratings (which, in any event, are subject to annual review)[1].

The risk measure of the credit portfolio is based primarily on the Basel parameters that are used to calibrate the capital need. As such, the Group relies for the internal rating of counterparties on Balois models allowing the assessment of credit quality, supplemented for "non-retail" counterparties, by expert judgment. These measures are complemented by an internal stress-sized risk assessment, either at the global portfolio level or at the sub-portfolio level, linking risk measures and rating migration to macro-economic variables most often to say expert. In addition, the calculation of expected losses under the provisions of IFRS 9, used to determine the level of impairment on healthy outstandings, provides additional insight into assessing portfolio risk.

In consultation with the Risk Department, the businesses implement, most of the time, pricing policies that are differentiated according to the level of risk of counterparties and transactions. The purpose of pricing a transaction is to ensure acceptable profitability, in line with the objectives of ROE (Return on Equity) of the business or entity, after taking into account the cost of the risk of the transaction in question. The pricing of an operation can nevertheless be adapted in certain cases to take into account the overall profitability and the potential customer relationship development. The intrinsic profitability of products and customer segments is subject to periodic analysis in order to adapt to changes in the economic and competitive environment.

Proactive management of counterparties whose situation has deteriorated is key to containing the risk of final loss in the event of counterparty failure. As such, the Group has put in place rigorous procedures for monitoring non retail counterparties and/or for closer monitoring of retail counterparties whose risk profiles are deteriorating. In addition, the businesses and entities, in conjunction with the Risk and Finance Departments, and through collaborators specialising in recovery and litigation, work together to effectively protect the Bank's interests in the event of default.

MEASURES TO MANAGE ESG RISK FACTORS

Concerning ESG risks (Environmental, Social & Governance), the assessment and management of the impact of ESG risk factors on credit risk is based in particular on the establishment of exclusion lists, portfolio alignment indicators (oil and gas and electricity production for example) and sensitivity analyses (in particular transition risk *via* the CCVI or Corporate Climate Vulnerability Index).

In general, credit granting policies must comply with the criteria defined within the framework of the Group's Social and Environmental Responsibility (CSR) policy, which is broken down through:

- the general environmental and social principles and the sectoral and cross-cutting policies appended to them. Sector policies cover sectors considered potentially sensitive from an environmental, social or ethical point of view;
- the targets for alignment with the objectives of the Paris agreement, which the Group has set itself, starting with the sectors with the highest CO_2 emissions;
- commitment to granting sustainable financing classified as Sustainable and Positive Impact Finance and to sustainability linked transactions.

Risks related to climate change (physical and transition risks), which are an aggravating factor in the types of risks facing the Bank must be taken into account in risk assessment processes. An assessment of climate vulnerability (particularly in terms of transition risk) must be provided by the Business Unit for certain specific sectors and may have an impact on the internal rating so that it incorporates the client's adaptation strategy (See also section 4.13 "*Environmental, social and governance risks*" of this Universal Registration Document).

Counterparty credit risk

The future value of exposure to a counterparty as well as its credit quality are uncertain and variable over time, both of which are affected by changes in market parameters. Thus, counterparty credit risk management is based on a combination of several types of indicators:

- indicators of potential future exposures (potential future exposures, or PFE), aimed at measuring exposure to our counterparties:
  - the Group controls idiosyncratic counterparty credit risks *via* a set of CVaR[2] limits. The CVaR measures the potential future exposure linked to the replacement risk in the event of default by one of the Group's counterparties. The CVaR is calculated for a 99% confidence level and different time horizons, from one day until the maturity of the portfolio,
  - in addition to the risk of a counterparty default, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of our portfolio of derivatives and repos account the credit quality of our counterparties;
- the abovementioned indicators are supplemented by stress test impacts frameworks or on nominal ones in order to capture risks that are more difficult to measure:
  - the more extreme correlation risks are measured *via* stress tests at different levels (wrong-way risk, stress monitoring at sector level, risk on collateralised financing activities and agency),

(1) For non-automated processes.
(2) The CVaR economic indicator is built on the same modeling assumptions as the regulatory Effective Expected Positive Exposure (EEPE) indicator used to calculate RWAs.

- the CVA risk is measured *via* a stress test in which representative market scenarios are applied, notably involving the credit spreads of our counterparties;

- exposures to central counterparty clearing houses (CCP) are subject to specific supervision:
  - the amount of collateral posted for each segment of a CCP: the initial posted margins, both for our principal and agency activities, and our contributions to CCP default funds,
  - in addition, a stress test measures the impact linked to (i) the default of an average member on all segments of a CCP and (ii) the failure of a major member on a segment of a CCP;
- the Global Stress Test on market activities includes cross market-counterparty risks, it is described in more detail in the "Market risk" section;
- besides, a specific framework that has been set up aims to avoid individual concentration related to counterparty risk in market operations.

Market risk

The Group's market activities are carried out as part of a business development strategy primarily focused on meeting client requirements through a full range of products and solutions.

Market risk is managed through a set of limits for several indicators (such as stress tests, Value at Risk (VaR) and stressed Value at Risk (SVaR), "Sensitivity" and "Nominal" indicators). These indicators are governed by a series of limits proposed by the business lines and approved by the Risk Division during the course of a discussion-based process.

The choice of limits and their calibration reflect qualitatively and quantitatively the fixing of the Group's appetite for market risks. A regular review of these frameworks also enables risks to be tightly controlled according to changing market conditions with, for example, a temporary reduction of limits in case of a deterioration. Warning thresholds are also in place to prevent the possible occurrence of overstays.

Limits are set at different sub-levels of the Group, thereby cascading down the Group's risk appetite from an operational standpoint within its organisation.

Within these limits, the Global Stress Test limits on market activities and the Market Stress Test limits play a pivotal role in determining the Group's market risk appetite; in fact, these indicators cover all operations and the main market risk factors as well as risks associated with a severe market crisis which helps limit the total amount of risk and takes account of any diversification effects.

Non financial risks (including compliance risk)

Non-financial risks are defined as non-compliance risk, risk of inappropriate conduct, IT risk, cybersecurity risk, other operational risks, including operational risk associated with credit risk, market risk, model risk, liquidity and financing, structural and rate risk. These risks can lead to financial losses.

Governance and a methodology have been put in place for the scope of non-financial risks.

As a general rule, the Group has no appetite for operational risk or for non-compliance risk. Furthermore, the Group maintains a zero-tolerance policy on incidents severe enough to potentially inflict serious harm to its image, jeopardise its results or the trust displayed by customers and employees, disrupt the continuity of critical operations or call into question its strategic focus.

The Group underscores that it has is no or very low tolerance for operational risk involving the following:

- internal fraud: the Group does not tolerate unauthorised trading by its employees. The Group's growth is founded on trust, as much between employees as between the Group and its employees. This implies respecting the Group's principles at every level, such as exercising loyalty and integrity. The Group's internal control system must be capable of preventing acts of major fraud;
- cybersecurity: the Group has zero tolerance for fraudulent intrusions, disruption of services, compromise of elements of its information system, in particular those which would lead to theft of assets or theft of customer data. The Bank aims to put in place effective means to prevent and detect this risk. It has a barometer that measures the degree of maturity of the cybersecurity controls deployed within its entities and the appropriate organisation to deal with any incidents;
- data leaks: trust is the main asset of the Societe Generale Group. Consequently the Group is committed to deploying the necessary resources and implementing controls to prevent, detect and remediate data leaks. It does not tolerate any leaks of its most sensitive information, in particular that of customer data;
- business continuity: the Group relies heavily on its information systems to perform its operations and is therefore committed to deploying and maintaining the resilience of its information systems to ensure the continuity of its most essential services. The Group has very low tolerance for the risk of downtime in its information systems that perform essential functions, in particular systems directly accessible to customers or those enabling to conduct business on financial markets;
- outsourced services: the Group seeks to achieve a high degree of thoroughness in the control of its activities entrusted to external service providers. As such, the Group adheres to a strict policy of reviewing its providers the frequency of which depends on their level of risk;
- managerial continuity: the Group intends to ensure the managerial continuity of its organisation to avoid the risk of a long-term absence of a manager that would question the achievement of its strategic objectives, which might threaten team cohesion or disrupt the Group's relationships with its stakeholders;
- physical security: the Societe Generale Group applies security standards to protect personnel, tangible and intangible assets in all the countries where it operates. The Group Security Department ensures the right level of protection against hazards and threats, in particular through security audits on a list of sites that it defines;
- execution errors: the Societe Generale Group has organised its day-to-day transaction processes and activities through procedures designed to promote efficiency and mitigate the risk of errors. Notwithstanding a robust framework of internal control systems, the risk of errors cannot be completely avoided. The Group has a low tolerance for execution errors that would result in very high impacts for the Bank or its clients.

Structural interest rate and exchange rate risks, risk to employee commitments

The Group measures and strictly controls structural risks. The mechanism whereby rate risk, foreign exchange risk and the risk on pension/long-service obligations is controlled is based on sensitivity or stress limits which are broken down within the various businesses (entities and business lines).

There are four main types of risk: rate level risk, curve risk book, optional risk (arising from automatic options and behavioral options) and basis risk, related to the impact of relative changes in interest rates indices. The Group's structural interest rate risk management primarily relies on the sensitivity of Net Present Value ("NPV") of fixed-rate residual positions (excesses or shortfalls) to interest rate changes according to several interest rate scenarios. The limits are established either by the Board of Directors or by the Finance Committee, at the Business Unit/Service Unit and Group levels. Furthermore, the Group measures and controls the sensitivity of its net interest margin ("NIM") on different horizons.

The Group's policy in terms of structural exchange rate risks consists of limiting as much as possible the sensitivity of its CET1 capital ratio to changes in exchange rates, so that the impact on the CET1 ratio of an appreciation or a depreciation of all currencies against the euro does not exceed a certain threshold in terms of bp by summing the absolute values of the impact of each currency.

Regarding risks to pension and long-service obligations, which are the Bank's long-term obligations towards its employees, the amount of the provision is monitored for risk on the basis of a specific stress test and an attributed limit. The risk management policy has two main objectives: reduce risk by moving from defined-benefit plans to defined-contribution plans and optimise asset risk allocation (between hedge assets and performance assets) where allowed by regulatory and tax constraints.

Structural risk-liquidity and funding risk

Controlling liquidity risk is based primarily on:

- compliance with regulatory liquidity ratios, with precautionary buffers: LCR (liquidity coverage ratio) ratios that reflect a stress situation and NSFR (net stable funding ratio);
- compliance with a minimum survival horizon under combined market and idiosyncratic stress;
- framing of transformation and anti-transformation positions (price risk).

Controlling financing risk is based on:

- maintaining a liability structure to meet the Group's regulatory constraints (Tier1, Total Capital, Leverage, TLAC, NSFR, MREL) and complying with rating agencies' constraints to secure a minimum rating level;
- recourse to market financing: annual long-term issuance programs and a stock of moderate structured issues and short-term financing raised by supervised treasuries.

Model risk

The Group is committed to defining and deploying internal standards to reduce model risk on the basis of key principles, including the creation of three independent lines of defence, the proportionality of due diligence according to each model's level of risk inherent, the consideration of the models' entire lifecycle and the appropriateness of the approaches within the Group.

A wrong design, implementation, use or a non rigorous models monitoring can have two mains unfavorable consequences: an under estimation of equity based of models validated by Regulators and/or financial losses.

Risk model appetite is defined for the perimeter of this group of models: credit risk IRB and IFRS 9, market and counterparty risk, market product valuation, ALM, trading model, compliance and granting.

Risk related to insurance activities

The Group conducts Insurance activities (Life Insurance and Savings, Retirement savings, Property & Casualty Insurance, etc.) which exposes the Group to two major types of risks:

- subscription risk related to pricing and fluctuations in the claims ratio;
- risks related to financial markets (interest rate, credit and equity) and asset-liability management.

Investment risk

The Group has limited appetite for financial holdings, such as proprietary private equity transactions. The investments allowed are mainly related to:

- commercial support for the network through the private equity activity of the Societe Generale and Crédit du Nord network and certain subsidiaries abroad;
- taking stakes, either directly or through investment funds, in innovative companies *via* SG Ventures;
- the takeover of stakes in local companies: Euroclear, *Crédit Logement*, etc., which does not have limit.

Settlement/Delivery risk

The settlement-delivery risk on financial instruments arises when transactions (over-the-counter in cash or forward) give rise to a time lag (usually of a few hours) between the payment and the delivery of the underlying (securities, raw materials, foreign exchange, etc.) during their settlement.

The Group defines a risk appetite for delivery risk in relation to the quality of the counterparty (*via* its rating) with larger limits granted to counterparties in the investment grade category (IG).

4.2.2 RISK APPETITE – GENERAL FRAMEWORK

Risk appetite is determined at Group level and attributed to the businesses and subsidiaries. Monitoring of risk appetite is performed according to the principles described in the Risk Appetite Framework governance and implementation mechanism, which are summarised below.

Governance

As part of the supervision of risk appetite, the Group relies on the following organisation:

- the Board of Directors:
  - approves each year the Group Risk Appetite Statement and the Group Risk Appetite Framework, as well as the Group Risk Appetite Framework,
  - approves in particular the main Group risk appetite indicators (Board of Directors indicators) validated beforehand by General Management,
  - ensures that risk appetite is relevant to the Group's strategic and financial objectives and its vision of the risks of the macro-economic and financial environment,
  - reviews quarterly the risk appetite dashboards presented to it, and is informed of risk appetite overruns and remediation action plans,
  - sets the compensation of corporate officers, sets out the principles of the remuneration policy applicable in the Group, especially for regulated persons whose activities may have a significant impact on the Group's risk profile, and ensures that they are in line with risk management objectives.

  The Board of Directors relies primarily on the Risk Committee;
- General Management:
  - approves the document summarising the Group's risk appetite Statement and its Risk Appetite Framework based on the proposal of the Chief Risk Officer and the Chief Financial Officer,
  - regularly ensures that risk appetite is complied with,
  - ensures the effectiveness and integrity of the risk appetite implementation system,
  - ensures that the risk appetite for the Group's Business Units and eligible subsidiaries/branches is formalised and translated into frameworks consistent with the Group's risk appetite,
  - ensures internal communication of risk appetite and its transposition in the Universal Registration Document.

In addition, the main mission of the Risk Department is to draw up the document summarising the Group's risk appetite, as well as the implementation of a risk management, monitoring and control system.

The Finance Department contributes to setting this risk appetite in the framework of indicators under the responsibility of the Finance Committee (profitability, solvency, liquidity and structural risks).

The Compliance Department is also responsible for instructing the risk appetite setting for indicators falling within its scope.

Risk identification process

The risk identification process is a key process of the Group risk-management framework. It is a Group-wide process to identify all risks that are or might be material. The approach is comprehensive and holistic: it covers all risk types[1] and all Group exposures.

In addition to the annual review of the Group's risk taxonomy yearly reviewed and published in the SG Code, risk identification process is based on two pillars in order to ensure a complete and up-to-date view of all the material risks facing the Group:

- risk management governance and key Committees such as CORISQs or COFI (at Group or Business Unit level), COMCO and New Product Committees making it possible to monitor changes in the risk profile for all types of risk (credit, market, operational, etc.). In addition to monitoring well-identified risks, this governance can also generate a debate between risk experts and senior management on emerging risks. This debate is fueled by the latest market news, early warning signals, internal alerts, and more;
- a series of exercises aimed at identifying additional risks, for example arising from changes in macroeconomic or sectoral conditions, financial markets, regulatory constraints, competitors or market pressure, business model (concentration effects) and changes in banking organisations. These additional identification exercises are also organised by risk types, but include some identification of cross-risk effects (*e.g.* credit and market or credit and operational). For a given type of risk, these exercises analyse and segment the Group's exposure along several axes (Business Unit, activity, customer, product, region, etc.). The underlying risk factors are identified for the perimeters where this risk is assessed as being significant.

When a significant risk is identified, a risk management system, which may include a quantitative risk appetite (risk ceiling or threshold) or a risk policy, is implemented.

In addition, where possible, the risk factors underlying a significant risk are identified and combined in a dedicated scenario, and the associated loss is then quantified by means of a stress test (see also section "Risk quantification and stress test system").

Risk quantification and stress test system

Within the Group, stress tests, a key attribute of risk management, contribute to the identification, measurement and management of risks, as well as to the assessment of the adequacy of capital and liquidity to the Group's risk profile.

The purpose of the stress tests is to cover and quantify, resulting from the Risk Identification annual process, all the material risks to which the Group is exposed and to inform key management decisions. They thus assess what the behavior of a portfolio, an activity, an entity or the Group would be in a degraded business context. It is essential in building the forward-looking approach required for strategic/financial planning. In this context, they constitute a privileged measure of the resilience of the Group, its activities and its portfolios, and are an integral part of the process of developing risk appetite.

(1) Risks are classified on the basis of the Group's risk taxonomy, which names and defines risk categories and their possible sub-categories.

The Group stress testing framework combines stress tests in line with the stress testing taxonomy set by the EBA. Group-wide stress tests should cover all legal entities in the Group consolidation perimeter, subject to risk materiality. Stress test categories are:

- stress tests based on scenarios: application of historical and/or hypothetical conditions but which must remain plausible and in conjunction with the Economic and Sector Studies department, to a set of risk factors (interest rates, GDP, etc.);
- sensitivity stress tests: assessment of the impact of the variation of an isolated risk factor or of a reduced set of risk factors (a shock in rates, credit rating downgrade, equity index shock, etc.);
- reverse stress tests: start with a pre-defined adverse outcome, such as a level of a regulatory ratio, and then identifies possible scenarios that could lead to such an adverse outcome.

The stress test system within the Group thus includes:

- global stress tests.

  Global Group stress tests cover all activities and subsidiaries that are part of the Group's consolidation scope ("Group-wide"), as well as all major risks (including credit risk, market risk, operational risks, liquidity risk). They aim at stressing both the Group P&L and key balance sheet metrics, notably capital and liquidity ratios.

  The central stress test is the overall group stress test, which is based on a central scenario and on adverse macroeconomic scenarios modeled by the Economic Research Department, under the independent supervision of the Group Chief Economist. Macro-economic scenarios are supplemented by other parameters such as capital market conditions, including assumptions on funding.

  The performance of the overall Group stress test is based on the uniform application of the methodology and assumptions at the level of all entities and at Group level. This means that the risk factors, and in particular the macro-economic assumptions used locally, must be compatible with the macro-economic scenario defined by the Group. Entities must submit macro-economic variables to the Group's Economic Studies department to check their consistency.

  The regulatory stress test conducted periodically by the EBA also covers all entities and risks and is scenario-based. Therefore, its execution globally mirrors the process defined for the internal Group Global Stress Test, with an increased involvement of the Group central teams, except for the scenario design which is defined by the supervisor;
- specific stress tests which assess a specific type of risk (market risk, credit risk, liquidity risk, interest rate risk, etc.):
  - credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and management of risk, including concentration,
  - market stress tests estimate the loss resulting from a severe change in financial market risk factors (equity indexes, interest rates, credit spreads, exotic parameters, etc.). They apply to all Group's market activities and rely on adverse historical and hypothetical scenarios,
  - the operational risk assessment relies on an analysis of historical losses, factoring in internal and external loss data as well as the internal framework and the external environment. This includes losses incurred by international financial institutions, and hypothetical forward-looking "scenario analyses" for all operational risk categories,
  - liquidity stress tests which include: (i) a market-wide scenario that attempts to capture a crisis in which financial markets would undergo an extreme market liquidity disruption causing systemic stress event, and (ii) an idiosyncratic scenario that attempts to capture a firm-specific crisis potentially triggered by a material loss, reputational damage, litigation, executive departures,
  - stress tests which assess the sensitivity to structural interest rate risk concerning the banking book. The exercise focuses on rate variations by stressing (i) the net present value of the positions or (ii) the interest margin and on exchange rate fluctuations on the residual exchange positions,
  - a stress test on employment benefits which consists of simulating the impact of variations in market risk factors (inflation, interest rates, etc.) on the Group's net position (dedicated investments minus the corresponding employment benefits),
  - stress tests on the risk linked to insurance activities defined in the risk appetite of the Insurance Business Unit, which puts stress on risk factors specific to financial and insurance activities to measure and control the main risks relating thereto,
  - climate stress tests based on climate risk scenarios at least once a year. These stress tests may encompass both transition and/or physical risk and may cover short term to medium-long term horizons. These annual climate stress tests can be either global (covering all group exposures) or cover only specific portfolio. Historically, on climate risk, the Group voluntarily participated in exploratory climate stress exercises organised by the ACPR (Prudential Control and Resolution Authority) and the European Banking Authority in 2020. In 2022, the Group also participated in a stress test coordinated by the European Central Bank (ECB) during the first half of the year (see also Chapter 4.13 "Environmental, social and governance risks" p.280),
  - reverse stress tests, both as part of the risk appetite and the recovery plan. The impact of these stress tests is typically defined *via* a breaking point in the solvency ratio or liquidity indicator, which poses a significant threat to the Bank. Hypothetical scenarios leading to this breaking point are then constructed in order to identify new weaknesses.

In addition to internal stress test exercises, the Group is part of the sample of European banks participating in major international stress tests programmes conducted by the European Banking Authority (EBA) and the European Central Bank (ECB).

DEFINITION OF THE "CENTRAL" AND "STRESSED" ECONOMIC SCENARIOS

Central scenario

The central scenario is based first of all on a set of observed factors such as recent economic situation and economic policy shifts (budgetary, monetary and exchange-rate policies). From these observed factors, economists calculate the most likely trajectory of economic and financial variables for the desired forecast horizon.

Stressed scenario

The severity of the stressed scenario, which is determined by the deviation of the GDP trajectory from the central scenario, is based on the magnitude of the 2008-2009 crisis, of the eurozone sovereign crisis, and has been adjusted to take into account the impacts – health, economic and financial – of the Covid-19 crisis on the basis of current knowledge. The severity is constantly compared to that of various adverse scenarios produced by reputable institutions such as the ECB, the Bank of England or the Federal Reserve. In 2022, the Group stress test scenario has been set up in order to take into account the risk of a stagflationary shock.

Setting and formalisation of risk appetite at Group level

The Group's risk appetite is formalised in a document ("Risk Appetite Statement") which sets out:

- the strategic profile of the Group;
- its profile of profitability and financial soundness;
- the frameworks relating to the management of the Group's main risks (qualitative, through risk policies, and quantitative, through indicators).

Regarding the profile of profitability and financial soundness, the Finance Department proposes each year, upstream of the budgetary procedure, to the General Management, limits at Group level, supplemented by alert thresholds and crisis levels according to a "traffic light" approach. These frameworks on financial indicators allow:

- to respect, with a sufficient safety margin, the regulatory obligations to which the Group is subject (in particular the minimum regulatory solvency, leverage and liquidity ratios), by anticipating as best as possible the implementation of new regulations;
- to ensure, *via* a safety margin, sufficient resistance to stress scenarios (stress standardised by regulators or stress defined according to a process internal to the Group).

The frameworks relating to risk management, also represented *via* a graduated approach (limits, alert thresholds, etc.), result from a process in which the needs expressed by the businesses are confronted with a contradictory opinion independent from the second line defence. The latter is based on:

- independent analysis of risk factors;
- the use of prospective measures based on stress approaches;
- the proposal for a framework.

For the main risks, the frameworks set make it possible to consolidate the achievement of the Group's financial targets and to orient the Group's profitability profile.

Allocation of risk appetite in the organisation

The allocation of risk appetite in the organisation is based on the strategic and financial plan, and on risk management systems:

- based on recommendations by the Finance Department to General Management, the financial targets defined at Group level are broken down into financial frameworks[1] at business line level, as part of financial management;
- the breakdown of frameworks and risk policies is based on an understanding of the needs of the businesses and their business prospects and takes into account the profitability and financial strength targets of the Business Unit and/or the entity.

4.2.3 RISK MANAGEMENT ORGANISATION

Audited I Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group's risk management, supervised at the highest level, is compliant with the regulations in force, in particular the order of 3 November 2014 revised by the order of 25 February 2021 on the internal control of companies in the banking sector, Payment Services and Investment Services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) and the final version of European Regulations Basel 3 (CRR/CRD). ▲ (See Board's Expertise, page 89).

Governance of risk management

Audited I Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors at least once a year (more often if circumstances so require).

As part of the Board of Directors, the Risk Committee advises the Board on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies that the strategy is being rolled out.

(1) A Group framework can be broken down into the businesses through a different indicator; for example, the capital ratios are broken down in the business lines into weighted assets: "RWA".

The Board of Directors' Audit and Internal Control Committee ensures that the risk control systems operate effectively.

Chaired by General Management, the specialised Committees responsible for central oversight of internal control and risk management are as follows:

- **the Risk Committee** (CORISQ), which met 18 times during the 2022 financial year, aims to:
  - validate the main risk management mechanisms (taxonomy, risk identification, stress testing and Risk Appetite Framework),
  - for credit, counterparties, market, operational, model and environmental risks:
    - validate the Group's risk appetite prior to its proposal to the Board of Directors for approval,
    - then define the Group's main risk policy guidelines in the context of the risk appetite previously approved by the Board of Directors,
    - respect the Group's risk appetite as defined and implemented.

  Along with the Risks Committee, the Major Risks Committee (*Comité Grands Risques*) is an *ad hoc* Committee, responsible for approving the sales and marketing strategy and risk-taking with regard to major client groups (Corporates, Insurance Companies and Asset Managers);
- **the Finance Committee** (COFI), chaired by the Chief Executive Officer, is responsible for setting out the Group's financial strategy and for ensuring the management of scarce resources (capital, liquidity, balance sheet, tax capacity) and the management of structural risks. COFI oversees all aspects of the management of the structural risks of the Group and its main entities, including the management of liquidity and financing risks, as well as the management of banking book market risks: interest rate, credit spread, exchange and shares, financial management of scarce resources (liquidity and capital), the dividend policy, monitoring the rating assigned to Societe Generale by credit rating agencies, the recovery and resolution plans, monitoring of the Group's tax capacity, financial management of Corporate Centre and intra-group re-invoicing;
- **the Compliance Committee** (COMCO), chaired by the Chief Executive Officer, reviews the risks of non-compliance, the main issues and defines the Group's compliance principles. It ensures, on an annual basis, the monitoring of the quality of the Embargoes & Sanctions risk management framework. The Committee also reviews the main compliance incidents of the period and the main information related to Supervisor relationships. It reviews and challenges compliance indicators on each area of non-compliance risk. Finally, it validates the compliance risk appetite criteria, the annual roadmap for mandatory Group trainings, the new modules for all employees, and on an *ad hoc* basis certain Group compliance topics. In addition, twice a year, a session dedicated to the review of the regulatory system is organised. Its objective is to ensure the consistency and effectiveness of the compliance system with banking and financial regulations;
- **the Digital Transformation Committee** (DTCO), is Chaired by the Deputy General Manager. The purpose of this Committee, in line with the decisions of the Group Strategic Committee, is to initiate and monitor the transformations of the information system and the associated operating model which require, by their transversal nature or by the extent of the transformation envisaged, a decision of the General Management;
- **the Group Internal Control Coordination Committee (GICCC**), is chaired by the Chief Executive Officer or, in his absence, by a Deputy Chief Executive Officer or by the Deputy Chief Executive Officer in charge of supervising the area under review. The purpose of the GICCC is to ensure the consistency and effectiveness of the Group's internal control, in response in particular to the obligation laid down in Art. 16 of the amended French Order of 3 November 2014. The Committee meets approximately 20 times a year to deal with cross-cutting topics as well as the annual review of each BU and SU;
- **the Non-Financial Risks Steering Committee**, chaired by the Head of DGLE/PIC assisted as co-sponsors by the CRO and CCO, aims to develop and instruct the orientations taken by the Group Internal Control Coordination Committee (GICCC) and resulting from the Audit and Internal Control Committee (CACI), to ensure the consistency, efficiency and effectiveness of the transformations of non-financial risk control (NFR) frameworks, to set targets with regard to roadmaps, to validate, coordinate and manage the evolution of NFR frameworks throughout the Group, to highlight risks and alerts related to NFR frameworks, to provide resources, prioritise and decide on their allocation, by making any necessary arbitrations;
- **the Responsible Commitments Committee** (CORESP), chaired by the Deputy Chief Executive Officer in charge of overseeing the ESG policy, deals with all matters falling within the Group's responsibility in Environmental and Social matters, or those having an impact on the Group's responsibility or reputation and not already covered by an existing Executive Management Committee. The Committee is decision-making and has authority over the entire Group. Its objective is to (i) arbitrate complex transaction/client cases presenting a high reputational risk or non-alignment with the Group's standards in terms of CSR, Culture & Conduct, ethics or reputation; (ii) examine subjects with very high CSR, ethical or reputational risks; (iii) make new Group commitments or change the Group's E&S standards (including sectoral policies); (iv) monitor the implementation of the Group's E&S commitments; (v) examine opportunities for the development of sustainable and positive impact financing or investments, requiring the opinion or validation of the General Management;
- **the Group Provisions Committee** (COPRO), chaired by the Chief Executive Officer, meets quarterly and is tasked with presenting and validating the Group's net risk expense (provisions for the credit risk) that will be accounted for the quarter in question.

Divisions involved in risk management and internal control

The Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks.

The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management:

- **the Risk Division**

  The main role of the Risk Division (RISQ) is to support the development of the Group's activities and profitability by elaborating the Group's risk appetite (allocated between the Group's different business lines) in collaboration with DFIN and the BUs/SUs and establishing a risk management and monitoring system as a second line of defence. In performing its work, the RISQ SU reconciles independence from the businesses with a close working relationship with the BUs, which are responsible in the first instance for the transactions they initiate.

Accordingly, the Risk Division:

- provides hierarchical and functional supervision for the Group's Risk Management Function
- addresses the guidance, with the Finance Service Unit, for setting the Group's risk appetite as submitted to General Management,
- identifies all Group risks,
- implements a governance and monitoring framework for these risks, including cross-business risks, and regularly reports on the nature and extent thereof to General Management, the Board of Directors and the banking supervisory authorities,
- contributes to the definition of risk policies, taking into account the aims of the core businesses and the relevant risk issues,
- defines or validates methods and procedures for the analysis, assessment, approval and monitoring of risk,
- implements a second-level control to ensure the correct application of these methods and procedures,
- assesses and approves transactions and limits proposed by business managers,
- defines or validates the architecture of the central risk information system, ensures its suitability to business requirements;

- **the Finance Department** (DFIN) coordinates the Finance Management Function and is responsible for the Group's financial management, oversight and production through several complementary tasks:
  - fuelling General Management's discussions on strategic and financial aspects. To this end, DFIN takes care to provide a consistent overview of performance indicators and financial information,
  - managing, at consolidated level for Societe Generale SA and for certain subsidiaries, the establishment and analysis of financial, tax and regulatory statements (regulatory indicators regarding scarce resources, regulatory reports, ICAAP and ILAAP documentation) in compliance with applicable standards and obligations,
  - monitoring and overseeing P&L performance, profitability and scarce resources (capital, liquidity, balance sheet) in line with strategic objectives and in accordance with regulatory obligations,
  - supporting the Business Units and Service Units with financial and strategic oversight,
  - managing liquidity, in particular through the implementation of financing and resilience plans, in accordance with the objectives set by the Group and in compliance with the Group's risk appetite,
  - maintaining financial crisis management plans tailored to the Group's configuration,
  - ensuring the management and first-level monitoring of structural interest rate, foreign exchange and liquidity risks as defined in Book B Title V Chapter 6. RISQ assuming the role of second line of defence,
  - performing regulatory watch with respect to scarce resources, accounting and finance, and participating in institutional relations and advocacy with its main peers and with banking federations,
  - acting as enterprise architect for all activities performed by the Group's Finance Divisions;
- **the Group Compliance Division** is responsible for the definition and consistency of the non-compliance risk prevention and control framework, related to banking and financial regulation and for coordinating the framework aimed at preventing, identifying, assessing and controlling non-compliance risk across the entire Group. It ensures that roles and responsibilities are identified with the appropriate level of expertise so that the regulatory watch framework and related normative documentation, including its deployment, are operational. In particular, it takes care to harmonise procedures and optimise (in conjunction with the BU/SUs) international resources in order to ensure the framework's effectiveness and compliance with its rules. Within this framework, it has hierarchical and functional authority over the compliance teams of Group entities.

  The Group Compliance Service Unit is organised around three broad categories of non-compliance risks:
  - financial security: know your client (KYC); compliance with the rules and regulations on international sanctions and embargoes; anti-money laundering and counter-terrorist financing (AML/CTF), including reporting suspicious transactions to the appropriate financial intelligence authority when necessary,
  - regulatory risks: customers protection; integrity of the financial markets; countering bribery and corruption, ethics and good conduct; compliance with regulations related to tax transparency (based on knowledge of clients' tax profile); compliance with regulations on social and environmental responsibility and the Group's commitments,
  - protection of data, including personal data and in particular those of customers;
- **the General Secretariat** within its fields of expertise, is assigned with the mission of protecting the Bank in order to further its development. Together with the SUs, BUs and other Societe Generale Group entities, it ensures the administrative, legal and tax compliance of the Group's activities, both in France and abroad. It is in charge of managing legal and tax risks. It also oversees global Group security (together with the RESG SU in respect of IT systems security), designs and implements the risk insurance policy for the entire Group and its staff, and provides assistance in developing insurance products for the Group's clients. It devises and oversees the development of corporate social responsibility and public affairs and institutional relations/advocacy initiatives within the Societe Generale Group. Lastly, it handles the Group's central administration and offers support to the Secretary of the Board of Directors as necessary;
- **the Human Resources Department** is tasked with defining and implementing the general and individual policies designed to enable the Group to develop the skills and talent needed for its strategy to succeed. The Division's role as partner to the businesses is key to the Group's adaptation to its environment;
- **the Corporate Resources and Innovation Department** accompanies the digital transformation and promotes operational efficiency for the Group. It supervises the Resource Management Functions (Information Systems, Sourcing and Property);
- **the Group Internal Audit and General Inspection Department**, under the authority of the General Inspector, is in charge of internal audit; finally
- **the Sustainable Development Department** attached to the general Management, the Group Sustainable Development Division (DGLE/RSE) assists the Deputy Chief Executive Officer in charge of the whole ESG policies (Environmental, Social and Governance) (RSE – Corporate Social Responsibility-) and their actual translation in the business lines and functions trajectories. It supports the Group ESG transformation to make it a major competitive advantage, in the business development as well as in the ESG (Environmental & Social) risks management. DGLE/RSE provides an advising mission to the General Management through three main tasks:

- the definition and strategic steering of the Group's ESG ambition,
- the support of the BUs' and SUs' ESG transformation,

- the contribution to promoting the Group's ESG reach. ▲

According to the last census carried out on 31 December 2022, the full-time equivalent (FTE) workforce of:

- the Group's Risk Department for the second line of defence represents approximately 4,475 FTEs (1,671 within the Group's Risk Department itself and 2,804 for the rest of the Risk function);
- the Compliance Department or the second line of defence represents approximately 2,934 FTEs;
- the Information System Security Department totals approximately 549 FTEs.

Risk reporting and assessment systems

The Group's risk measurement systems serve as the basis for the production of internal Management Reports allowing the monitoring of the Group's main risks (credit risk, counterparty, market, operational, liquidity, structural, settlement/delivery) as well as the monitoring of compliance with the regulatory requirements.

The risk reporting system is an integral part of the Group's risk management system and is adapted to its organisational structure. The various indicators are thus calculated at the level of the relevant legal entities and Business Units and serve as the basis for the various reportings. Departments established within the Risk, Finance and Compliance sectors are responsible for measuring, analysing and communicating these elements.

Since 2015, the Group has defined architecture principles common to the Finance and Risk functions, the TOM-FIR principles (Target Operating Model for Finance & Risk), in order to guarantee the consistency of the data and indicators used for internal management and regulatory production. The principles revolve around:

- Risk and Finance uses, whether at the local level and at the various levels of consolidation subject to an organised system of "golden sources", with a collection cycle adapted to the uses;
- common management rules and language to ensure interoperability;
- consistency of Finance and Risk usage data, *via* strict alignment between accounting data and management data.

The Group produces, *via* all of its internal reports for internal monitoring purposes by the Business Units and Service Units, a large number of **risk metrics** constituting a measure of the risks monitored. Some of these metrics are also produced as part of the transmission of regulatory reports or as part of the publication of information to the market.

The Group selects from these metrics a set of **major metrics**, able to provide a summary of the Group's risk profile and its evolution at regular intervals. These metrics concern both the Group's financial rating, its solvency, its profitability and the main risks (credit, market, operational, liquidity and financing, structural, model) and are included in the reports intended for internal management bodies.

They are also subject to a framework defined and broken down in line with the Group's risk appetite, giving rise to a procedure for reporting information in the event of breaches.

Thus, the risk reports intended for the management bodies are guided in particular by the following principles:

- coverage of all significant risks;
- combination of a global and holistic view of risks and a more in-depth analysis of the different types of risk;
- overview supplemented by focus on certain specific scopes, forward-looking elements (based in particular on the presentation of elements on the evolution of the macro-economic context) and elements on emerging risks;
- balance between quantitative data and qualitative comments.

The main Risk reports for management bodies are:

- monthly reporting to the Risk Committee of the Board of Directors aims to provide an overview of changes in the risk profile.

  This reporting is complemented by dashboard for monitoring the Group's Risk Appetite Statement indicators is also sent quarterly to the Board of Directors. These indicators are framed and presented using a "traffic light" approach (with distinction between thresholds and limits) in order to visually present monitoring of compliance with risk appetite. In addition, a compliance dashboard and a reputation dashboard are sent to the Risk Committee of the Board of Directors and provide an overview of each non-compliance risk;
- monthly reporting to the Group Risk Committee (CORISQ), for the general management, aims to regularly provide this Committee with a risk analysis under its supervision, with a greater level of detail than reporting to the Risk Committee of the Board of Directors. In particular, a summary of the main credit files over the period covered by the reporting is presented;
- reporting to the Finance Committee (COFI) for General Management gives rise in particular to the following two reports: a "Scarce resources trajectory" report allowing budget execution to be monitored and a "Structural risk monitoring (ALM)" report" making it possible to monitor compliance with the thresholds and limits relating to liquidity risks and structural interest and exchange rate risks;
- the quarterly reporting of the Group Compliance Committee (COMCO) to General Management: the COMCO provides *via* dedicated reporting an overview of the main non-compliance risks, raises points of attention on compliance topics Group, decides on the main orientations and defines the Group principles in terms of compliance;
- the quarterly reporting of the Provisions Committee (COPRO) to General Management is intended to provide an overview of changes in the level of provisions at Group level. In particular, it presents the change in the net charge of the cost of risk by pillar, by Business Unit and by stage;
- reporting by the Group Internal Control Coordination Committee (GICCC) to General Management: this Committee reviews, on the basis of a standardised dashboard for all Business Units/Service Units, the efficiency and the consistency of the permanent control system implemented within the Group, as well as, within the framework of the Risk Internal Governance Assessment (RIGA) process, the ability of the Risk function to exercise its role as the 2nd line of defence in the whole group. Finally, the Risk Department contributes, as a permanent member, to all GICCC meetings, through position papers on the subjects under review.

Although the above reports are used at Group level to monitor and review the Group's risk profile in a global manner, other reports are transmitted to the Board of Directors or to the General Management in order to monitor and control certain types specific risks.

Ad hoc reports can also be produced. By way of illustration, the Group had to adapt its risk management system from the start of the Covid-19 crisis in March 2020. Dedicated reports had been set up for the General Management, the Board of Directors or the supervisor, on a regular basis and containing indicators adapted to the context.

Additional information on risk reporting and assessment systems by type of risk is also presented in the following chapters.

INTEREST RATE BENCHMARK REFORM

Presentation of the reform

Audited I The interest rate benchmark reform (IBOR: InterBank Offered Rates), initiated by the Financial Stability Board in 2014, aims at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the British Financial Conduct Authority (FCA), the supervisor of LIBOR, announced the official dates for the cessation and loss of representativeness of these benchmarks:

- EUR LIBOR and CHF LIBOR (all terms); GBP LIBOR and JPY LIBOR (terms: overnight, one week, two months and twelve months); USD LIBOR (terms: one week and two months): the publication of these benchmark settings has permanently ceased as of 1 January 2022;
- GBP LIBOR and JPY LIBOR (terms: one, three and six months): these settings have not been contributed by banks since 1 January 2022 and have been published in a synthetic form; their use is thus restricted to the run-off management of legacy positions. Nonetheless, the FCA has announced the cessation of these synthetic benchmarks as follows:
  - JPY LIBOR (terms: one, three and six months): end December 2022,
  - GBP LIBOR (terms: one and six months): end March 2023,
  - GBP LIBOR (term: three months): end March 2024;
- USD LIBOR (terms: overnight, one, three, six and twelve months): the cessation of the publication of these benchmark settings contributed by a panel of banks is scheduled for end June 2023.

In parallel, other indices based on USD LIBOR will be phased out at end June 2023: USD LIBOR ICE SWAP RATE, MIFOR (India), PHIREF (Philippines), SOR (Singapore) and THBFIX (Thailand).

Furthermore, the announced cessation date for the publication of the MosPrime (Russia) is 30 June 2023.

Regarding the major interest rate benchmark indices of the euro area:

- EURIBOR: EMMI (European Money Markets Institute), the administrator of the index, does not plan to cease its publication. The EURIBOR will thus be maintained in the coming years;
- EONIA: its publication definitively ceased on 3 January 2022. The successor benchmark rate recommended by the European Central Bank working group on the euro area interest rates is the €STR on which the EONIA had been based since end 2019.

Impact of the reform for the Societe Generale Group

The Societe Generale Group supports these reforms and takes an active part in the working groups set up by the central banks of the currencies concerned. The Group is actively preparing for these changes, through a specific transition program set up in the Summer of 2018 and supervised by the Finance Division.

For this purpose, the Group has undertaken active awareness and communication campaigns for its customers, supplemented by a monthly newsletter and a Frequently Asked Questions (FAQ) page on the IBOR transition publicly available on the Societe Generale website. To prepare for the announced cessation dates of LIBOR and other transitioning benchmarks, the public authorities and the working groups set up by the central banks issued recommendations to the banking industry. These recommendations aim at stopping the production of new contracts referencing these indices as well as at migrating the existing contracts referencing said indices to alternative benchmark rates.

To ensure a consistent approach throughout the Societe Generale Group, an internal Committee has been formed. Its role is to issue periodical orientations reflecting the market developments and the recommendations from regulators and their working groups. Several internal guidelines have been issued covering four main themes:

- strengthening of the new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing ceasing benchmarks (with some exceptions provided for by regulators) and use of alternative solutions;
- fair and homogenous treatment of customers through the involvement of the compliance teams in the renegotiations of contracts;
- reporting obligation, and restrictions related to the use of certain interest rates as alternatives to LIBOR.

At this stage, all directives are being applied and widely circulated among the Group's staff.

In order to build the capacity to deal on products referencing RFRs or some term RFRs and thus ensure the continuity of its business after the phasing out of IBOR, the Societe Generale Group updated its tools and processes in line with the major calculation methods recommended by the relevant working groups or professional associations. Nevertheless, the Group continues monitoring developments in the use of RFRs and other alternative rates in order to implement any new convention and meet its customers' needs.

GBP LIBOR, CHF LIBOR, EUR LIBOR, JPY LIBOR and EONIA migration

Until the end of 2021, the Group primarily centred its work on renegotiating transactions with its clients and transitioning all the contracts indexed on the benchmarks terminated or not representative anymore at the end of 2021.

Since Q2 2022, the Societe Generale Group has finalised the transition of all the contracts indexed on the above-mentioned benchmarks.

USD LIBOR and USD LIBOR ICE SWAP RATE migration

The Societe Generale Group has initiated the migration of its stock of operations indexed on USD LIBOR and USD LIBOR ICE SWAP RATE aiming to finalise it by June 2023.

To do this, the Group employs interactions with its customers to offer a proactive transition to alternative solutions.

The Group's customers most concerned by the transition of their contracts are, primarily, customers of the investment banking and Financing and Advisory activities and, to a lesser extent, some of the customers of the Group's French and International retail networks.

The identification of the contracts concerned and the strategy for transitioning the transactions indexed on USD LIBOR have been finalised for all products:

- loans and credit lines are migrated mostly through a bilateral negotiation, and so are the related hedging instruments, in order to maintain their effectiveness;
- the migration of interest rate derivatives is scheduled to be implemented in large part in the first half of 2023, in line with the key milestones set by the clearing houses or by the activation of fallback clauses (ISDA Protocol to which Societe Generale has been adhering since 2020, in particular for USD LIBOR). However, some derivatives contracts are renegotiated bilaterally; lastly
- current accounts and other similar cash products are migrated through an update of their general conditions.

The operational migration of the contracts referencing the USD LIBOR makes use of the processes and tools already developed for the migration of the contracts referencing IBOR interest rates ending at end 2021, as well as of the experience gained. The clearing houses' transition plan is known in advance and based on the experience gained from previous migrations.

Other benchmark rates migration (MIFOR, PHIREF, SOR, THBFIX and MosPrime)

For these rates, the identification of the customers and transactions has been completed. The impact is much smaller than for USD LIBOR. At the level of the Societe Generale Group, these benchmark transitions impact only investment banking products.

The migration strategies are nevertheless similar to those applicable to the USD LIBOR as described above.

The Societe Generale Group keeps monitoring the announcements from regulators and administrators in other jurisdictions in order to react proactively and adapt its migration strategy accordingly.

The table below presents an estimate of the exposures, as at 31 December 2022, related to the contracts impacted by the benchmark reform and whose term is scheduled beyond the official cessation dates.

This table has been produced based on the project monitoring data and on the legal status of the contracts migration.

AUDITED I TABLE 1: FINANCIAL ASSETS AND LIABILITIES AND DERIVATIVES IMPACTED BY THE INTEREST RATE BENCHMARKS REFORM

(In EURbn)			2022		
			Outstanding principal		Notional[1]
Current interest rate benchmarks[5]	New risk-free rates liable to replace the current interest rate benchmarks	Cotation end date	Financial assets[2] (excl. derivatives) impacted by the reform	Financial liabilities[3] (excl. derivatives) impacted by the reform	Derivatives[4] impacted by the reform
EONIA – Euro OverNight Index Average	Euro Short-Term Rate (€STR)	31.12.2021			
LIBOR – London Interbank Offered Rate – GBP	Reformed Sterling Overnight Index Average (SONIA)	31.12.2021			
LIBOR – London Interbank Offered Rate – CHF	Swiss Average Rate Overnight (SARON)	31.12.2021			
LIBOR – London Interbank Offered Rate – JPY	Tokyo OverNight Average (TONA)	31.12.2021			
LIBOR – London Interbank Offered Rate – EUR	Euro Short-Term Rate (€STR)	31.12.2021			
LIBOR – London Interbank Offered Rate – USD	Secured Overnight Financing Rate (SOFR)	30.06.2023	27	1	1,899
USD LIBOR Ice Swap rate (CMS)	USD SOFR Ice Swap rate (CMS)	30.06.2023		12	228
SOR – Singapore Dollar Swap Offer Rate	Singapore Overnight Rate Average (SORA)	30.06.2023			3
MIFOR (INR)	Modified MIFOR	30.06.2023			3
PHIREF (PHP)	No alternative rate defined by regulators	30.06.2023			
THBFIX (THB)	THOR	30.06.2023			
MOSPRIME (RUB)	RUONIA	30.06.2023			6

(1) Notional used in combination with an interest rate benchmark in order to calculate derivative cash flows.
(2) Including accounts receivable, loans, securities received under repurchase agreements, debt securities bearing interest at variable rates.
(3) Including deposits, borrowings, transactions on securities delivered under repurchase agreements, debt issued in the form of securities bearing interest at variable rates.
(4) Including firm instruments (swaps and futures) and conditional instruments.
(5) Only the major interest rate benchmarks impacted by the IBOR reform are presented in this table.

RISKS ASSOCIATED WITH RATE REFORM

Audited I The risks related to the IBOR reform are now mainly limited to USD LIBOR for the period running until June 2023. They are managed and monitored within the governance framework dedicated to the IBOR transition. They have been identified as follows:

- program governance and execution risk, liable to cause delays and loss of opportunities, is monitored as part of the work of regular Committees and arbitration bodies;
- legal documentation risk, liable to lead to post-transition litigations, is managed through fallback clauses inserted in the contracts depending on the availability of market standards;
- market risk, with the creation of a basis risk between the rate curves associated with the different indexes, is closely monitored and supervised;
- operational risks in the execution of the migration of transactions depend in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time;
- regulatory risk is managed according to the Group guidelines in line with the recommendations of the regulators and working groups on the LIBOR transition;
- conduct risk, related to the end of LIBOR, is notably managed through:
  - specific guidelines on the appropriate conduct detailed by business line,
  - training of the teams,
  - communications to customers (conferences, events, bilateral discussions in particular with the less informed customers) are organised on the transition-related risks, the alternative solutions that may be implemented, and on how they might be affected. ▲

4.3 INTERNAL CONTROL FRAMEWORK

4.3.1 INTERNAL CONTROL

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3 November 2014, modified by the Order of 25 February 2021. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee has defined four principles – independence, universality, impartiality, and sufficient resources – which underpin the internal control carried out by credit institutions.

The Board of Directors ensures that Societe Generale has a solid governance system and a clear organisation ensuring:

- a well-defined, transparent and coherent sharing of responsibilities;
- effective procedures for the detection, management, monitoring and reporting of risks to which the Company could be exposed.

The Board tasks the Group's General Management with rolling out the Group's strategic guidelines to implement this set-up.

The Audit and Internal Control Committee is a Board of Directors' Committee that is specifically responsible for preparing the decisions of the Board in respect of internal control supervision.

As such, General Management submits reports to the Audit and Internal Control Committee on the internal control of the Group. The Committee monitors the implementation of remediation plans when it considers the risk level to be justified.

Internal control is based on a **body of standards and procedures.**

All Societe Generale Group activities are governed by rules and procedures contained in a set of documents referred to collectively as the "Standard Guidelines", compiled in the Societe Generale Code, which:

- set out the rules for action and behavior applicable to Group staff;
- define the structures of the businesses and the sharing of roles and responsibilities;
- describe the management rules and internal procedures specific to each business and activity.

The Societe Generale Code groups together the standard guidelines which, in particular:

- define the governance of the Societe Generale Group, the structures and duties of its Business Units and Services Units, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, charters, etc.);
- set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Societe Generale Code has force of law within the Group and falls under the responsibility of the Group Corporate Secretary.

In addition to the Societe Generale Code, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the Bank's ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the Company's management body of the undertaking in its executive function.

Internal control in particular aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles:**

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group's entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the materiality of the risks involved;
- the independence of internal auditing.

The internal control framework is based on the **"three lines of defence"** model, in accordance with the Basel Committee and European Banking Authority guidelines:

- the **first line of defence** comprises all Group employees and operational management, both within the Business Units and the Services Units in respect of their own operations.

  Operational management is responsible for risks, their prevention and their management (by putting in place first-level permanent control measures, amongst other things) and for implementing corrective or remedial actions in response to any deficiencies identified by controls and/or process steering;

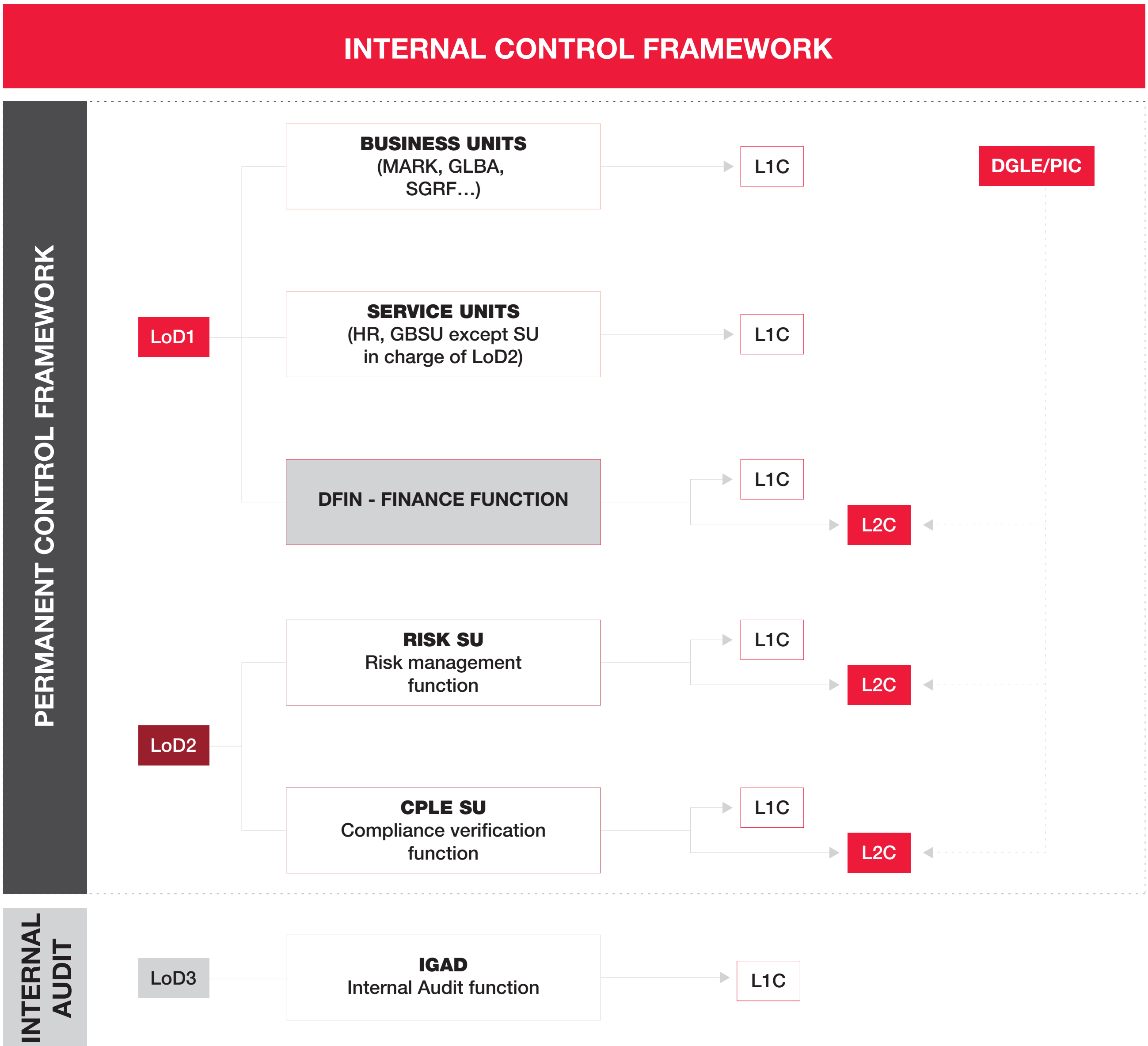
- the **second line of defence** is provided by the risk and compliance functions.

  Within the internal control framework, operational management is responsible for verifying the proper and continuous running of the risk security and management operation functions through the effective application of established standards, defined procedures, methods and requested controls.

  Accordingly, these functions must provide the necessary expertise to define in their respective fields the controls and other means of risk management to be implemented by the first line of defence, and to ensure that they are effectively implemented; they conduct second-level permanent control over all of the Group's risks, based in particular on the controls they have defined, as well as those defined, if necessary, by other expert functions (*e.g.* sourcing, legal, tax, human resources, information system security, etc.) and by the businesses;

- the **third line of defence** is provided by the Internal Audit Department, which encompasses the General Inspection and Internal Audit functions. This department performs periodic internal audits that are strictly independent of the business lines and the permanent control function;

- **internal control coordination,** which falls under the responsibility of the Chief Executive Officer, is also provided at Group level and is rolled out in each of the departments and core businesses.



The Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system.

The purpose of the Group Internal Control Coordination Committee (GICCC) is to ensure the consistency and effectiveness of the Group's internal control, in response in particular to the obligation laid down in Art. 16 of the amended French Order of 3 November 2014. The Committee is chaired by the Chief Executive Officer, or in his absence, by a Deputy General Manager or by the Deputy Chief Executive Officer tasked with supervising the area under review. When it meets, the CCCIG convenes the Manager responsible for Coordinating the Internal Control function, the Permanent Control function, the Managers of the second line of defence (CPLE and RISQ), the Representatives appointed by the Heads of DFIN and RESG (including the Global CISO), the Manager of the third line of defence (IGAD) and as observers, the Head of Operational Risks, as well as the Heads of the level 2 permanent control central teams (RISQ/CTL, CPLE/CTL, DFIN/CTL).

The Committee meets approximately 20 times a year to deal with cross-cutting topics, as well as the annual review of each BU/SU.

Its objectives are:

- to give a consolidated view of the Group's internal control to the General Management;
- to evaluate the Group's permanent control system in terms of effectiveness, consistency and completeness;
- to evaluate the functioning of the Group's permanent control framework based on the review of the Group's quarterly dashboard of permanent controls, supplemented by cross-cutting thematic reviews and by the independent review of RISQ and CPLE in the exercise of their role as the second line of defence for the Group;
- to examine and validate the Group's annual internal control report (ICR);
- to define the roles and responsibilities of the stakeholders of the permanent control and of the GICCC and CCCI and to validate the operational principles of permanent control and governance;
- to validate the sections dealing with internal control in the SG Code (in particular, Title IV of Book A);
- to validate the decisions of the Committee in terms of permanent control framework;
- to review and challenge the permanent control framework of BU/SU;
- to review other cross-cutting topics related to the permanent control of the Group.

The organisation put in place at Group level to coordinate action by each of the various internal control functions is rolled out in each Business Unit (BU) and Service Unit (SU). All Group BUs and SUs have internal control coordination committees. These committees are chaired by the BU or SU manager and convene the managers of the competent permanent and internal audit control functions, as well as the representatives of the Manager of the Group's internal control coordination function and the Group Heads of the control functions.

Permanent control system

The Group's permanent control system comprises:

- the **first-level permanent control,** which is the basis of the Group's permanent control, is performed by the businesses. Its purpose is to ensure the security, quality, regularity and validity of transactions completed at operational level;
- the **second-level permanent control,** which is independent of the businesses and concerns three departments, *i.e.* the Compliance, Risk and Finance Departments.

In 2018, General Management initiated a transformation programme of the Group's permanent control system, which is under its direct supervision. Through a set of actions focusing on areas such as standards, methods, tools, procedures and training, the programme served to consolidate the control culture and optimise risk control, and thus helps to improve the quality and the reliability of services provided to our customers and partners. The programme was finalised and brought to an end in 2021, and the transfer of the long-term activities to operating teams was completed.

FIRST-LEVEL PERMANENT CONTROL

Permanent Level 1 controls, carried out on operations performed by BUs and the SUs, ensure the security and quality of transactions and the operations. These controls are defined as a set of provisions constantly implemented to ensure the regularity, validity, and security of the operations carried out at operational level.

The permanent Level 1 controls consist of:

- **any combination of actions and/or devices that may limit the likelihood of a risk occurring or reduce the consequences for the Company:** these include controls carried out on a regular and permanent basis by the businesses or by automated systems during the processing of transactions, automated or non-automated security rules and controls that are part of transaction processing, or controls included in operational procedures. Also falling into this category are the organisational arrangements (*e.g.*, segregation of duties) or governance, training actions, when they directly contribute to controlling certain risks;
- **controls performed by managers:** line managers control the correct functioning of the devices for which they are responsible. As such, they must apply formal procedures on a regular basis to ensure that employees comply with rules and procedures, and that Level 1 controls are carried out effectively.

Defined by a Group entity within its scope, Level 1 controls include controls (automated or manual) that are integrated into the processing of operations, proximity controls included in operating procedures, safety rules, etc. They are carried out in the course of their daily activities by agents directly in charge of an activity or by their managers. These controls aim to:

- ensure the proper enforcement of existing procedures and control of all risks related to processes, transactions and/or accounts;
- alert management in the event of identified anomalies or malfunctions.

Permanent Level 1 controls are set by management and avoid, as far as possible, situations of self-assessment. They are defined in the procedures and must be traced without necessarily being formalised, *e.g.* preventive automated controls that reject transactions that do not comply with system-programmed rules.

In order to coordinate the operational risk management system and the permanent Level 1 control system, the BUs/SUs use a specific department called CORO (Controls & Operational Risks Office Department).

SECOND-LEVEL PERMANENT CONTROL

The permanent Level 2 control ensures that the Level 1 control works properly:

- the scope includes all permanent Level 1 checks, including managerial supervision checks and checks carried out by dedicated teams;
- this review and these audits aim to give an opinion on (i) the effectiveness of Level 1 controls, (ii) the quality of their implementation, (iii) their relevance (including, in terms of risk prevention), (iv) the definition of their *modus operandi*, (v) the relevance of remediation plans implemented following the detection of anomalies, and the quality of their follow-up, and thus contribute to the evaluation of the effectiveness of Level 1 controls.

The permanent level 2 control, control of the controls, is carried out by teams independent of the operational.

These controls are performed centrally by dedicated teams within Risk Service Unit (RISQ/CTL), Compliance Service Unit (CPLE/CTL) and Finance Service Unit (DFIN/CTL) and locally by the second-level control teams within the BU/SUs or entities.

Internal audit

The Group's Internal Audit function is delivered by the Service Unit Inspection and Internal Audit ("IGAD"), which brings together the Group's Inspection and Internal Audit Departments. The Group's Head of Inspection and Audit has a Group-wide responsibility for the internal audit function.

The Internal Audit function is part of the Group's internal control set-up. It provides the third and last line of defence and performs internal audit controls. The third line of defense is strictly independent from the businesses and other lines of control.

The internal audit mandate performed by IGAD, defined in line with the IIA Standards (Institute of Internal Auditors), is an independent and objective activity that provides the Group with an assurance as to how effectively it is controlling its risks and operations, advises on improvements and contributes to the creation of added value. By carrying out this mandate, Inspection and Internal Audit help the Group to achieve its targets by evaluating systematically and methodically its processes for risk management, control and corporate governance and making recommendations to increase their efficiency.

IGAD's internal audit mandate covers Societe Generale SA and all of the Group's entities and business activities. All businesses, operations and processes without exceptions can be subject to an audit carried out by either Inspection or Internal Audit. That said, entities in which the Group holds a minority stake are excluded, even if the Group has a significant influence, except in cases where such a situation is likely to have a significant impact for the Group on its risk management.

Outsourced activities are also included in the scope of the mandate of IGAD as the Group's internal audit function.

The Group Head of Inspection and Audit reports directly to the Group Chief Executive Officer.

The Chief Executive Officer meets with the Chairman of the Board of Directors on a regular basis. As mentioned in the Internal Rules of the Board, updated in August 2022, the Group Head of Inspection and Audit reports on the execution of the internal audit mandate to the Board of Directors on the basis of presentations made to the Group's Audit and Internal Control Committee. He presents the Group's audit and inspection plan, approved by the Chief Executive Officer, to the Board of Directors following its examination by the Group's Audit and Internal Control Committee.

The Group Head of Inspection and Audit attends all meetings of the Board's Audit and Internal Control Committee and on reguasiprovides the Committee a presentation of the activity of Internal Audit and General Inspection as well as on the status of implementation of recommendations issued both by IGAD and by supervisors (the ECB and the ACPR). He also attends all meetings of the Board's Risk Committee. Both the Audit and Internal Cobntrol Committee and the Risk Committee are briefed by the Group Head of Inspection and Audit, possibly at his request.

As foreseen in the Internal Rules of the Board, if necessary, in the event of changes in the risks affecting or likely to affect the Company, the Group Head of Inspection and Audit may report to the Board of Directors, directly or through the Audit and Internal Committee, without referring to the Effective Senior Managers.

To perform its duties , the Group's IGAD Service Unit is given adequate resources from a qualitative and quantitative point of view. The Group's Inspection and Audit Service Unit has about 1,000 employees located at Head Office and within affiliates and branches (France and overseas).

The Service Unit IGAD operates as a hierarchically integrated division. General Inspection, based at Head Office, has a Group-wide mandate. The various Audit Departments are each in charge of a defined scope of businesses or risks. Whether they are based at Head Office or within entities (subsidiaries or branches), Audit Departments all report to the IGAD Service Unit. A matrix organisation allows to cover important transversal topics at Group level. Depending on resources and skills required, an audit mission can bring together auditors from different departments. IGAD may decide to send any audit team to carry out a mission within the Group.

General Inspection and Audit carry out their roles on the basis of missions. Beyond audit missions defined in the yearly plan, General Inspection can be called to perform analysis and study missions or contribute to due diligence work in cases of acquisitions or divestments of Group entities or activities. A specific framework is in place to monitor such work and ensure there are no conflict of interest.

General Inspection and Audit define their respective workplans on a risk-based approach. Internal Audit combines this approach with the requirement to comply with a five-year audit cycle and determines the frequency of review based on the risk level of the audited entities.

In 2022, General Inspection and Internal Audit continued to perform an independent follow-up on recommendations issued by supervisors (ECB, ACPR) with regular status updates presented - in coordination with the Group's General Secretariat - to General management and the Board's Audit and Internal Control Committee.

As required by international auditing standards, IGAD is subject to an external quality assessment. IGAD's certification was maintained following a second certification by the certification institute of the IFACI (*Institut Français de l'Audit et du Contrôle Interne* – French branch of the IIA).

The context in 2022 allowed IGAD to resume business travel and on-site missions to a larger extent whilst maintaining remote auditing methods developed during the health crisis. Audit missions carried out in 2022 were split between all risk categories. Changes made to the audit plan during the year remained limited (reduction of 8% of man-days on audit missions with a total of 586 audit missions carried out this year), reflecting mainly the impact of a higher level of turnover in certain geographies and a shift in a number of projects initially planned to be subject to an audit. Such tensions also led to reschedule a few Inspection missions this year.

In 2022, IGAD initiated works required in response to recommendations issued by the European Central Bank and IFACI on the internal audit function. Such work pertained mainly to (i) governance, being IGAD's internal governance, the set-up with regards to the interactions between the internal Audit function and the Group's governance at General Management and Board of Directors' level and the governance for the audit function at local level; (ii) the redesign, to be completed by end of 2024, of its independent risk assessment exercise and (iii) the introduction of a multi-year audit plan. The implementation of these action plans will remain a priority over 2023 and 2024 for the internal audit function. In addition, the restructuring of the audit recommendations issuance and monitoring process was initiated: all Business Units and Service Units will be engaged in the process, which will enable IGAD to focus its work on the most important risks, in line with a strategic goal to optimie the layering of controls within the Group's internal control framework.

On the operational side, internal audit departments (i) further developed their ability to provide independent assurance on the performance of permanent control departments; (ii) reinforced their auditing methods on topics such as "conduct" or "ESG" and (iii) increased the use of data analytics in the audit missions.

4.3.2 CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL MANAGEMENT INFORMATION

The participants involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its **Audit and Internal Control Committee**, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Audit and Internal Control Committee's remit also is to monitor the independence of the Statutory Auditors, and the effectiveness of the internal control, measurement, supervision and control systems for risk related to the accounting and financial processes. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their engagement;
- the **Group Finance Department** gathers the accounting and management data compiled by the subsidiaries and the Business Units/Services Units in a set of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.). It also has a team in charge of the preparation of the Group regulatory reports.

  In the framework of these missions, it is in charge of:

  - monitoring the financial aspects of the Group's capital transactions and its financial structure,
  - managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks,
  - ensuring that the regulatory financial ratios are respected,
  - defining accounting and regulatory standards, frameworks, principles and procedures for the Group, and ensuring that they are observed,
  - verifying the accuracy of all financial and accounting data published by the Group;
- the **Finance Departments of subsidiaries and Business Units/Services Units** carry out certification of the accounting data and entries booked by the back offices and of the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Department. They can perform these activities on their own or else delegate their tasks to Shared Service Centers operating in finance and placed under Group Finance Department governance;
- the **Risk Department** consolidates the risk monitoring data from the Group's Business Units/Services Units and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, it ensures in collaboration with the Group Finance Department, its expert role on the dimensions of credit risk, structural liquidity risks, rates, exchange rates, on the issues of recovery and resolution and the responsibility of certain closing processes, notably the production of solvency ratios;
- the **Back offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

Accounting and regulatory standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Department, which are based on IFRS as adopted by the European Union.

The applicable standards on solvency and liquidity, promulgated by the Basel Committee, were translated into European law by a directive (CRD4) and a regulation (CRR). They were rounded out by the Regulation CRR2 and the Directive CRD5 which entered into force on 28 June 2019. These texts are supplemented by several delegated acts and implementation technical standards. As the Societe Generale Group is identified as a "financial conglomerate", it is subjected to additional supervision.

The Group Finance Department has dedicated teams that monitor the applicable standards and draft new internal standards to comply with any changes in the accounting and regulatory framework.

Procedures for producing financial and accounting data

Each entity in the consolidation scope of the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Finance Department or delegated to financial shared service centers acting under their responsibility and sent to the Group Finance Department. The Group Finance Department forwards the consolidated financial statements, management reports and regulatory statements to General Management and any interested third parties.

Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices and the sales teams.

The quality and objectivity of the accounting and management data are ensured by the separation of sales functions and all the functions of operational processing and follow-up of the operations: back offices and middle offices integrated into the Resources Department and teams in charge of producing the financial reports that are housed in the Finance Department. These teams carry out a series of controls defined by Group procedures on financial and accounting data, in particular:

- verification of the economic justification of all information reported;
- reconciliation of accounting and management data, using specific procedures, respecting the specified deadlines;
- for market activities, reconciliation between the accounting result, produced by the Finance Department and the economic result, produced by a dedicated expert department in the Risk Department.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

CONTROL BY THE FINANCE DEPARTMENTS

The Finance Department of each subsidiary checks the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The financial data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries after they have been locally brought into line with Group accounting principles.

Each subsidiary must be able to explain the transition from the Company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of the Business Units/Services Units have a dedicated department for financial management and control.

The Finance Departments also rely on shared service centers that perform Level 1 controls necessary to ensure the reliability of accounting, tax and regulatory information on the financial statements they produce in accordance with local and IFRS standards and notably data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards), justification and certification of the financial statements under their responsibility, intercompany reconciliation of the financial statements, regulatory statement checks and verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared as part of the managerial supervision and Group accounting certification processes.

These controls allow the shared services centres to provide all necessary information to the Finance Departments of Business Units/Services Units and the Group Finance and Accounting Department to ensure the reliability and consistency of the accounts prepared.

These shared service centres are located in Paris, Bangalore and Bucharest.

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity via a permanent supervision process under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on completeness of accounting data and the associated accounting treatment.

SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the financial statements prepared by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The service in charge of consolidation in the Group Accounting Department checks that the consolidation scope complies with the applicable accounting standards and performs multiple checks on data received for consolidation purposes. These checks include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Last, this service ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. These checks are complemented by cross-functional analysis such as analysis of changes in shareholders' equity, goodwill, provisions and consolidated deferred taxes.

A team in this department is in charge of managing and coordinating the Group accounting certification framework to certify first-level controls on a quarterly basis (internal control certification).

The Group Finance Department has also a dedicated team, it which is responsible for ensuring second-level permanent controls on all Finance processes and for implementing the framework within the Group. Its mission is to ensure the effectiveness, quality and relevance of the Level 1 control framework by assessing it through process or activity reviews, testing controls and quarterly certifications. The team, reporting directly to the Group Finance Department, also reports to the Head of Permanent & Internal Control Division of Societe Generale Group.

Internal audit and periodic control framework for accounting processes

Internal Audit and the General Inspection define their audits and inspections using a risk-based approach and define an annual work program (Inspection and Audit plan schedule – *plan de tournée*). As part of their assignments, teams may verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They may check a certain number of accounts and assess the reconciliations between accounting and management data, as well as the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The department in charge of auditing the Group's Central Departments is responsible for auditing the Group Finance Department. Within that department, a distinct team, placed under the responsibility of a dedicated Audit Business Correspondent, monitors and animates audit work related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and develops training sessions and methodologies to help share expertise in the auditing of accounting risks.

Audit missions pertaining to accounting matters are carried out by that team, for the subjects considered as the most material for the accuracy of the Group's accounting information, as well as by Audit Departments based in the Group's entities.

Based on their findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data. Departments being assigned these recommendations are responsible for their implementation. A monitoring is performed by IGAD.

4.4 CAPITAL MANAGEMENT AND ADEQUACY

4.4.1 THE REGULATORY FRAMEWORK

Audited I Since January 2014, Societe Generale has applied the Basel III regulations implemented in the European Union through a regulation and a directive (CRR and CRD4 respectively).

The general framework defined by Basel III is structured around three pillars:

- Pillar 1 sets the minimum solvency, leverage and liquidity requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements taking into account all the risks to which these institutions are exposed;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to better assess a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

Several amendments to European regulatory standards were adopted in May 2019 (CRR2/CRD5). The majority of these provisions entered into force in June 2021.

The amendments include:

- NSFR: The text introduces the regulatory requirements for the NSFR ratio. A ratio of 100% is respected since June 2021;
- Leverage ratio: the minimum requirement of 3% to which is added, since January 2023, 50% of the buffer required as a systemic institution;
- Derivatives counterparty risk (SA-CCR): the "SA-CCR" method is the Basel method replacing the "CEM" method for determining prudential exposure to derivatives in a standard approach;
- Large Risks: the main change is the calculation of the regulatory limit (25%) on Tier 1 (instead of total own funds), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: The ratio requirement for G-SIBs is introduced in CRR. In accordance with the Basel text, G SIBs must respect an amount of own funds and eligible debt equal to the highest between 18%+risk-weighted buffers and 6.75% leverage since 2022.

With regard to the implementation of the market risk reform (FRTB), after the publication of the first revised standard in January 2016 and of the consultation in March 2018 on this subject, the Basel Committee published in January 2019 its final text: BCBS457. In March 2020, the Basel Committee announced a one-year delay in the implementation of FRTB (1 January 2023 instead of 1 January 2022 as originally planned in the January 2019 text).

The European FRTB calendar would be as follows:

- regarding reporting requirements:
  - the Standardised Approach (SA) has been effective since Q3 2021,
  - for the Internal Model Approach (IMA), for the approved banks, reporting should start three years after the publication in the Official Journal of the European Union (OJEU) of three technical standards (RTS) of the EBA, which entered in force on the 15th of November 2022;
- capital requirements for FRTB: Expected by 1 January 2025 at this stage, which would make the IMA reporting obsolete; a 2-year delay (i.e. 1 January 2027) could be applied in the event of unlevel playing field with other major jurisdictions In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

A first version of the transposition text was published by the European Commission on 27 October 2021 ("CRR3 – CRD6") and will serve as support for the European Trialogue where this version will be combined with the Council text published in November 2022 and the Parliament text. The trialogue is expected to be finalized in the summer of 2023. It will then have to be voted by Parliament to become applicable. .

These new rules, which were to take effect from 2022, have been postponed to January 2025 with an overall output floor: the risk-weighted assets (RWA) will be floored to a percentage of the standard method (credit, market and operational). The output floor level will increase gradually, from 50% in 2025 to 72.5% in 2030.▲

4.4.2 CAPITAL MANAGEMENT

Audited I As part of its capital management, the Group (under the managment of the Finance Department and the supervision of Risk Department) ensures that its solvency level is always compatible with the following objectives:

- maintaining its financial strength and respecting the risk appetite;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- allocating adequate capital to the various businesses, according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures and explains the evolution of the Group's capital ratios over time, taking into account any future regulatory constraints and changes in the scope. ▲

This process is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier 1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available CET1 capital and an economic perspective, thus confirming the relevance of the targets set in the risk appetite. Besides, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL and TLAC or leverage ratio.

All of these indicators are measured on a forward-looking basis in relation to their target on a quarterly or even monthly basis for the current year. During the preparation of the financial plan, they are also assessed on an annual basis over a minimum of three-year horizon according to at least a baseline and adverse scenarios, in order to demonstrate the resilience of the bank's business model against adverse macroeconomic and financial uncertain environments. Capital adequacy is continuously monitored by the Executive Management and by the Board of Directors as part of the Group's corporate governance process and is reviewed in depth during the preparation of the financial plan. It ensures that the bank always complies with its financial target and that its capital level is above the "Maximum Distributable Amount" (MDA) threshold.

Besides, the Group maintains a balanced capital allocation among its three strategic core businesses:

- French Retail Banking;
- International Retail Banking and Financial Services;
- Global Banking and Investor Solutions.

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of credit risk (83% of total Group RWA, including counterparty credit risk).

At 31 December 2022, Group RWA were down 1% to EUR 360 billion, compared with EUR 363 billion at end-December 2021.

The trend traced by the business lines' RWA lies at the core of the operational management of the Group's capital trajectory based on a detailed understanding of the vectors of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Department, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios. The Group Capital Committee and the capital contingency plan provide General Management with framework analysis, governance and several levers in order to adjust the capital management trajectory.

4.4.3 SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities, with the exception of insurance entities, which are subject to separate capital supervision.

All regulated entities of the Group comply with their prudential commitments on an individual basis.

Non-regulated entities outside of the scope of prudential consolidation are subject to periodic reviews, at least annually.

The following table provides the main differences between the accounting scope (consolidated Group) and the prudential scope (Banking Regulation requirements).

TABLE 2: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment
Entities with a finance activity	Full consolidation	Full consolidation
Entities with an Insurance activity	Full consolidation	Equity method
Holdings with a finance activity by nature	Equity method	Equity method
Joint ventures with a finance activity by nature	Equity method	Proportional consolidation

The following table provides a reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope.The amounts presented are accounting data, not a measure of RWA, EAD or prudential capital. Prudential filters related to entities and holdings not associated with an insurance activity are grouped together on account of their non-material weight (< 0.1%).

TABLE 3: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

ASSETS at 31.12.2022 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance[(1)]**	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**	**Reference to table 14 (CC1)**
Cash, due from banks	207,013	(0)	0	207,012	
Financial assets at fair value through profit or loss	329,437	11,135	(0)	340,571	
Hedging derivatives	32,850	10	-	32,860	
Financial assets at fair value through other comprehensive income	37,463	(0)	-	37,463	
Securities at amortised cost	21,430	(0)	-	21,430	
Due from banks at amortised cost	66,903	1	51	66,955	1
o.w. subordinated loans to credit institutions	*238*	*(0)*	*-*	*238*	
Customer loans at amortised cost	506,529	1,524	(11)	508,041	
Revaluation differences on portfilios hedged against interest rate risk	(2,262)	-	-	(2,262)	
Investment of insurance activities	158,415	(158,415)	-	-	
Tax assets	4,697	(406)	0	4,292	
o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,662*	*-*	*(594)*	*1,069*	*2*
o.w. deferred tax assets arising from temporary differences	*2,215*	*-*	*325*	*2,540*	
Other assets	86,247	(4,003)	155	82,399	
o.w. defined-benefit pension fund assets	*47*	*-*	*-*	47	*3*
Non-current assets held for sale	1,081	-	-	1,081	
Investments accounted for using the equity method	146	3,438	(42)	3,541	
Tangible and intangible assets	33,089	(64)	0	33,025	
o.w. intangible assets exclusive of leasing rights	*2,881*	*-*	*(41)*	2,840	*4*
Goodwill	3,781	(325)	-	3,456	4
TOTAL ASSETS	**1,486,818**	**(147,106)**	**152**	**1,339,864**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2022 *(In EURm)*	**Balance sheet as in published financial statements**	**Prudential restatements linked to insurance[(1)]**	**Prudential restatements linked to consolidation methods**	**Balance sheet under regulatory scope of consolidation**	**Reference to table 14 (CC1)**
Due to central banks	8,361	-	-	8,361	
Financial liabilities at fair value through profit or loss	300,618	2,473	-	303,091	
Hedging derivatives	46,164	19	-	46,183	
Debt securities issued	133,176	336	-	133,512	
Due to banks	132,988	(2,187)	19	130,820	
Customer deposits	530,764	913	(123)	531,553	
Revaluation differences on portfolios hedged against interest rate risk	(9,659)	-	-	(9,659)	
Tax liabilities	1,637	(168)	0	1,470	
Other Liabilities	107,552	(5,766)	256	102,042	
Non-current liabilities held for sale	220	-	-	220	
Liabilities related to insurance activities contracts	141,688	(141,688)	-	-	
Provisions	4,579	(21)	-	4,558	
Subordinated debts	15,946	40	-	15,986	
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,521*	*42*	*-*	*15,563*	*5*
TOTAL DEBTS	**1,414,036**	**(146,049)**	**152**	**1,268,139**	
Subtotal Equity, Group share	66,451	(202)	(0)	66,249	6
Issued common stocks, equity instruments and capital reserves	*30,384*	*1*	*-*	*30,384*	
Retained earnings	*34,267*	*(203)*	*(0)*	*34,065*	
Net income	*2,018*	*(0)*	*-*	*2,018*	
Unrealised or deferred capital gains and losses	*(218)*	*0*	*(0)*	*(218)*	
Minority interests	6,331	(855)	-	5,476	7
TOTAL EQUITY	**72,782**	**(1,057)**	**(0)**	**71,725**	
TOTAL LIABILITIES	**1,486,818**	**(147,106)**	**152**	**1,339,864**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

ASSETS at 31.12.2021 *(In EURm)*	Balance sheet as in published financial statements	Prudential restatements linked to insurance[1]	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation	Reference to table 14 (CC1)
Cash, due from banks	179,969	(0)	0	179,969	
Financial assets at fair value through profit or loss	342,714	11,128	(0)	353,842	
Hedging derivatives	13,239	30	-	13,269	
Financial assets at fair value through other comprehensive income	43,450	(0)	-	43,450	
Securities at amortised cost	19,371	(0)	-	19,371	
Due from banks at amortised cost	55,972	(0)	90	56,062	1
o.w. subordinated loans to credit institutions	*99*	*(0)*	*-*	*99*	
Customer loans at amortised cost	497,164	1,575	(6)	498,733	
Revaluation differences on portfilios hedged against interest rate risk	131	-	-	131	
Investment of insurance activities	178,898	(178,898)	-	-	
Tax assets	4,812	(195)	0	4,617	
o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,719*	*-*	*(622)*	*1,096*	*2*
o.w. deferred tax assets arising from temporary differences	*2,111*	*-*	*378*	*2,489*	
Other assets	92,898	(2,654)	114	90,357	
o.w. defined-benefit pension fund assets	*85*	*-*	*-*	*85*	*3*
Non-current assets held for sale	27	-	-	27	
Investments accounted for using the equity method	95	4,629	(76)	4,649	
Tangible and intangible assets	31,968	(163)	0	31,805	
o.w. intangible assets exclusive of leasing rights	*2,733*	*-*	*(134)*	*2,599*	*4*
Goodwill	3,741	(325)	-	3,416	4
TOTAL ASSETS	**1,464,449**	**(164,873)**	**121**	**1,299,698**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2021 *(In EURm)*	Balance sheet as in published financial statements	Prudential restatements linked to insurance[1]	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation	Reference to table 14 (CC1)
Due to central banks	5,152	-	-	5,152	
Financial liabilities at fair value through profit or loss	307,563	1,854	-	309,418	
Hedging derivatives	10,425	4	-	10,429	
Debt securities issued	135,324	432	-	135,757	
Due to banks	139,177	(2,574)	49	136,652	
Customer deposits	509,133	1,002	(121)	510,013	
Revaluation differences on portfolios hedged against interest rate risk	2,832	-	-	2,832	
Tax liabilities	1,577	(299)	0	1,279	
Other Liabilities	106,305	(8,962)	193	97,536	
Non-current liabilities held for sale	1	-	-	1	
Liabilities related to insurance activities contracts	155,288	(155,288)	-	-	
Provisions	4,850	(23)	-	4,827	
Subordinated debts	15,959	40	-	15,999	
o.w. redeemable subordinated notes including revaluation differences on hedging items	*15,519*	*42*	*-*	*15,561*	*5*
TOTAL DEBTS	**1,393,586**	**(163,813)**	**122**	**1,229,894**	
Subtotal Equity, Group share	65,067	(202)	(0)	64,865	6
Issued common stocks, equity instruments and capital reserves	*29,447*	*1*	*-*	*29,448*	
Retained earnings	*30,631*	*(203)*	*(0)*	*30,428*	
Net income	*5,641*	*0*	*-*	*5,641*	
Unrealised or deferred capital gains and losses	*(652)*	*0*	*(0)*	*(653)*	
Minority interests	5,796	(858)	-	4,939	7
TOTAL EQUITY	**70,863**	**(1,060)**	**(0)**	**69,804**	
TOTAL LIABILITIES	**1,464,449**	**(164,873)**	**121**	**1,299,698**	

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

The main Group companies outside the prudential reporting scope are as follows:

TABLE 4: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Sogelife	Insurance	Luxembourg
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
SGL RE	Insurance	Luxembourg
Société Générale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Banque Pouyanne	Bank	France

All regulated Group undertakings are generally subject to solvency requirements set by their respective supervisory authorities. Regulated financial entities and affiliates outside of Societe Generale's prudential consolidation scope all comply with their respective solvency requirements. As a general principle, all banks should be under a double supervision, on a standalone basis and on a consolidated basis, but the CRR allows, under specific conditions, waivers from the requirements on an individual basis granted by the competent authorities.

The supervisory authority accepted that some Group entities may be exempted from the application of prudential requirements on an individual basis or, where applicable, on a sub-consolidated basis. Terms and conditions of waiver of requirements granted by supervisors include a commitment to provide these subsidiaries with the Group's support to ensure their overall solvency and liquidity, as well as a commitment to ensure that they are managed prudently according to the applicable banking regulations.

The conditions for applying waivers regarding monitoring on an individual basis for a parent company, as far as solvency and large exposure ratios are concerned, are defined by the CRR, which stipulates that two conditions have to be met:

- there is no significant obstacle, in law or in fact, current or anticipated, to the prompt transfer of equity capital or the rapid repayment of liabilities to the parent company in a member state;
- the risk assessment, measurement and control procedures that are useful for the purposes of supervision on a consolidated basis cover the Parent Institution in a Member State.

Accordingly, for instance, Societe Generale SA is not subject to prudential requirements on an individual basis.

Any transfer of equity or repayment of liabilities between the parent company and its entities is carried out in compliance with capital and liquidity requirements that are locally applicable. The obligation to comply with such requirements may affect the capacity of subsidiaries to transfer funds to the parent company. Every year, in compliance with local capital and liquidity regulatory requirements, the Group reviews the capitalization of its subsidiaries (direct and indirect) and proposals for appropriation of their allocating their net income (payment of dividends, retained earnings, etc.). In addition, the Group studies requests from its subsidiaries relating to changes in their equity or eligible liabilities (capital increases or decrease, distributions of exceptional dividends, loan issues or repayments). These reviews and studies show that, as long as subsidiaries comply with their regulatory constraints, there is no significant obstacle to transfer funds from Societe Generale to them or vice versa.

The financing process of subsidiaries within the Group allows rapid repayments of loans between the parent company and its subsidiaries. In 2022, the embargo on Russia was a significant obstacle to the rapid repatriation of the funds generated by the sale of Rosbank, which could finally be repatriated. Moreover, the war in Ukraine is disrupting remittances, but the Group is not significantly affected.

4.4.4 REGULATORY CAPITAL

Reported in accordance with International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components:

Common Equity Tier 1 capital

According to the applicable regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payments;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected losses on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

Additional Tier 1 capital

According to CRR/CRD regulations, Additional Tier 1 capital is made up of deeply subordinated notes that are issued directly by the Bank, and have the following features:

- these instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the Bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- they include neither a step-up in compensation nor any other incentive to redeem;
- they must have a loss-absorbing capacity;
- they might be haircut or converted when in resolution or independently of a resolution measurement;
- subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of Additional Tier 1 capital essentially apply to the following:

- AT1 treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum T1 requirement in the entities concerned.

Tier 2 capital

Tier 2 capital includes:

- subordinated notes;
- any positive difference between the sum of value adjustments and impairment losses on customer loans and receivables exposures managed under the IRB approach and expected losses, up to 0.6% of total credit RWA under the IRB approach;
- value adjustments for credit risk related to collective impairment losses on customer loans and receivables exposures managed under the standardised approach, up to 1.25% of total credit RWA.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares;
- holding of Tier 2 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum capital requirement in the entities concerned.

All capital instruments and their features are detailed online (*www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents*).

TABLE 5: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS

(In EURm)	31.12.2021	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2022
Debt instruments eligible for Tier 1	8,003	1,546	-	-	468	10,017
Debt instruments eligible for Tier 2	11,820	2,450	(157)	(1,815)	251	12,549
TOTAL ELIGIBLE DEBT INSTRUMENTS	**19,823**	**3,996**	**(157)**	**(1,815)**	**719**	**22,566**

Solvency ratios

The solvency ratios are set by comparing the Group's equity (Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC)) with the sum of risk-weighted exposures for credit risk and the capital requirement multiplied by 12.5 for market and operational risks.

Each quarter, the ratios are calculated following the accounting closing and then compared to the supervisory requirements.

The Pillar 1 regulatory minimum capital requirement is set at 4.5% for CET1, 6% for T1 and 8% for TC. This minimum remains stable over time.

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has been standing at 2.12% until 31 December 2022, this level will stand at 2.14% including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

In addition to these requirements comes the overall buffer requirement which is the sum of:

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 1 January 2023, Societe Generale's countercyclical buffer is equal to 0.19%;
- the conservation buffer in force since 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group's G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As at 31 December 2022, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.35%. It will stand at 9.39% from 1 January 2023.

TABLE 6: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE

	31.12.2022	01.03.2022	01.01.2022
Minimum requirement for Pillar 1	4.50%	4.50%	4.50%
Minimum requirement for Pillar 2 (P2R)[(1)]	1.19%	1.19%	0.98%
Minimum requirement for countercyclical buffer	0.16%	0.04%	0.04%
Minimum requirement for conservation buffer	2.50%	2.50%	2.50%
Minimum requirement for systemic buffer	1.00%	1.00%	1.00%
Minimum requirement for CET1 ratio	**9.35%**	**9.23%**	**9.02%**

(1) According to Article 104 bis of the CRDV Directive, banks must now meet a minimum of 56% P2R with CET1 capital (as opposed to 100% previously) and 75% with Tier 1 capital.

TABLE 7: REGULATORY CAPITAL AND SOLVENCY RATIOS[1]

(In EURm)	31.12.2022	31.12.2021
Shareholders' equity (IFRS), Group share	**66,451**	**65,067**
Deeply subordinated notes	(10,017)	(8,003)
Perpetual subordinated notes	(0)	(0)
Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes	**56,434**	**57,064**
Non-controlling interests	5,207	4,762
Intangible assets	(2,161)	(1,828)
Goodwill	(3,478)	(3,408)
Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes	(1,879)	(2,345)
Deductions and regulatory adjustments	(5,484)	(4,410)
COMMON EQUITY TIER 1 CAPITAL	**48,639**	**49,835**
Deeply subordinated notes and preferred shares	10,017	8,003
Other additional Tier 1 capital	209	206
Additional Tier 1 deductions	(138)	(137)
TOTAL TIER 1 CAPITAL	**58,727**	**57,907**
Tier 2 instruments	12,549	11,820
Other Tier 2 capital	238	287
Tier 2 deductions	(1,790)	(1,527)
Total regulatory capital	**69,724**	**68,487**
TOTAL RISK-WEIGHTED ASSETS	**360,464**	**363,371**
Credit and counterparty credit risk-weighted assets	300,694	304,922
Market risk-weighted assets	13,747	11,643
Operational risk-weighted assets	46,023	46,806
Solvency ratios		
Common Equity Tier 1 ratio	13.49%	13.71%
Tier 1 ratio	16.29%	15.94%
Total capital ratio	19.34%	18.85%

(1) Ratios set in accordance with CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance, and taking into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.34% at 31 December 2022, the phasing effect being +17 bps) and the effects of the ECB's Covid-19 transitional measures ending on 31 December 2022.

The solvency ratio as at 31 December 2022 stood at 13.5% in Common Equity Tier 1 (13.7% at 31 December 2021) and 16.3% in Tier 1 (15.9% at 31 December 2021) for a total ratio of 19.3% (18.8% at 31 December 2021).

Group shareholders' equity at 31 December 2022 totalled EUR 66.4 billion (compared with EUR 65.1 billion at 31 December 2021).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 48.6 billion at 31 December 2022, *vs.* EUR 49.8 billion at 31 December 2021. The Additional Tier One deductions mainly regard authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans.

TABLE 8: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS

(In EURm)	31.12.2022	31.12.2021
Unrecognised minority interests	(3,326)	(2,860)
Deferred tax assets	(1,068)	(1,096)
Prudent Valuation Adjustment	(852)	(911)
Adjustments related to changes in the value of own liabilities	(245)	254
Other	7	203
TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS	**(5,484)**	**(4,410)**

The prudential deductions and restatements included in the "Other" category essentially involve the following:

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;
- expected losses on equity portfolio exposures;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

4.4.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel III Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of transactions *via* two approaches intended for determining RWA: a standardised approach and an advanced one based on internal methods modelling the counterparties' risk profiles.

Change in risk-weighted assets and capital requirements

TABLE 9: OVERVIEW OF RISK-WEIGHTED ASSETS

	Risk-weighted assets			Total own funds requirements
(In EURm)	**31.12.2022**	**30.09.2022**	**31.12.2021**	**31.12.2022**
Credit risk (excluding counterparty credit risk)	**269,084**	**271,963**	**271,012**	**21,527**
o.w. standardised approach	*94,083*	*95,360*	*103,323*	*7,527*
o.w. Foundation IRB (FIRB) approach	*4,190*	*4,213*	*4,121*	*335*
o.w. slotting approach	*667*	*720*	*752*	*53*
o.w. equities under the simple risk-weighted approach	*2,753*	*3,404*	*3,515*	*220*
o.w. other equities under IRB approach	*13,864*	*14,716*	*18,189*	*1,109*
o.w. Advanced IRB (AIRB) approach	*153,528*	*153,551*	*141,111*	*12,282*
Counterparty credit risk – CCR	**23,803**	**31,160**	**27,478**	**1,904**
o.w. standardised approach(1)	*6,649*	*8,102*	*9,304*	*532*
o.w. internal model method (IMM)	*12,381*	*17,145*	*13,088*	*990*
o.w. exposures to a CCP	*918*	*1,084*	*1,273*	*73*
o.w. credit valuation adjustment – CVA	*2,805*	*3,521*	*2,807*	*224*
o.w. other CCR	*1,050*	*1,308*	*1,007*	*84*
Settlement risk	**6**	**12**	**63**	**1**
Securitisation exposures in the non-trading book (after the cap)	**7,801**	**7,562**	**6,368**	**624**
o.w. SEC-IRBA approach	*2,706*	*2,764*	*2,082*	*216*
o.w. SEC-ERBA incL IAA	*4,023*	*3,881*	*3,978*	*322*
o.w. SEC-SA approach	*1,072*	*916*	*308*	*86*
o.w. 1,250%/deductions	-	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**13,747**	**15,324**	**11,643**	**1,100**
o.w. standardised approach	*1,932*	*2,528*	*1,419*	*155*
o.w. IMA	*11,816*	*12,796*	*10,225*	*945*
Large exposures	-	-	-	-
Operational risk	**46,023**	**45,626**	**46,806**	**3,682**
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	*1,290*	*1,232*	*2,412*	*103*
o.w. advanced measurement approach	*44,733*	*44,394*	*44,394*	*3,579*
Amounts (included in the "credit risk" section above) below the thresholds for deduction (subject to 250% risk weight)	7,319	7,835	7,344	586
TOTAL	**360,465**	**371,645**	**363,371**	**28,837**

(1) The amounts of RWA at 31 December 2021 and at 30 September 2021 correspond to the new SA-CCR approach following the application of Regulation (EU) No. 2019/876 (CRR2).

TABLE 10: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit and counterparty credit	Market	Operational	Total 31.12.2022	Total 31.12.2021
French Retail Banking	101.0	0.0	5.1	106.1	95.5
International Retail Banking and Financial Services	105.6	0.2	4.6	110.4	117.7
Global Banking and Investor Solutions	82.1	12.6	29.0	123.7	131.2
Corporate Centre	12.1	0.9	7.4	20.3	19.0
Group	**300.7**	**13.7**	**46.0**	**360.5**	**363.4**

As at 31 December 2022, RWA (EUR 360.5 billion) were distributed as follows:

- credit and counterparty credit risks accounted for 83% of RWA (of which 35% for International Retail Banking and Financial Services);
- market risk accounted for 4% of RWA (of which 92% for Global Banking and Investor Solutions);
- operational risk accounted for 13% of RWA (of which 63% for Global Banking and Investor Solutions).

4.4.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 18 % of RWA since 1 January 2022, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2022, the global TLAC requirement thus stood at 21.66% of Group RWA.

The TLAC rule also provides for a minimum ratio of 6.75% of the leverage exposure January 2022.

As at 31 December 2022, Societe Generale reached a phased-in TLAC ratio of 30.5% excluding senior preferred debts. The phased-in ratio stands at 33.6% of RWA when considering the possibility to account for senior preferred debts up to 3.5% of RWA and 9% of leverage exposure.

The Minimum Requirement for own funds and Eligible Liabilities (MREL) has applied to credit institutions and investment firms within the European Union since 2016.

Contrary to the TLAC ratio, the MREL is tailored to each institution and regularly revised by the resolution authority.

Throughout 2022, Societe Generale complied with its MREL requirement.

4.4.7 LEVERAGE RATIO

The Group calculates its leverage ratio according to the CRR2 rules applicable since June 2021.

Managing the leverage ratio means both calibrating the amount of Tier 1 capital (the numerator of the ratio) and controlling the Group's leverage exposure (the denominator of the ratio) to achieve the target ratio levels that the Group sets for itself. To this end, the leverage exposure of the different businesses is monitored by the Finance Division.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.5% minimum set in the Basel Committee's recommendations, implemented in Europe via CRR2, including a fraction of the systemic buffer which is applicable to the Group.

At 31 December 2022, the leverage ratio of Societe Generale stood at 4.37% taking into account a Tier 1 capital amount of EUR 58.7 billion compared with a leverage exposure of EUR 1,345 billion (versus 4.87% at 31 December 2021, with EUR 57.9 billion and EUR 1,190 billion, respectively).

TABLE 11: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE(1)

(In EURm)	31.12.2022	31.12.2021
Tier 1 capital(2)	**58,727**	**57,907**
Total assets in prudential balance sheet(3)	**1,339,864**	**1,299,698**
Adjustments for derivative financial instruments	(7,197)	8,619
Adjustments for securities financing transactions(4)	15,156	14,896
Off-balance sheet exposure (loan and guarantee commitments)	123,022	118,263
Technical and prudential adjustments	(125,976)	(252,223)
o.w. central banks' exemption (5)	-	*(117,664)*
Leverage ratio exposure	**1,344,870**	**1,189,253**
Leverage ratio	**4.37%**	**4.87%**

(1) Ratio set in accordance with CRR2 rules and taking into account the IFRS 9 phasing (leverage ratio of 4.32% without phasing at 31 December 2022, the phasing effect being -5 bps).
(2) The capital overview is available in Table 3.
(3) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries).
(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.
(5) Change in the starting period.

4.4.8 RATIO OF LARGE EXPOSURES

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale must not have any exposure towards a single beneficiary which exceeds 25% of the Group's capital.

The final rules of the Basel Committee on large exposures, transposed in Europe *via* CRR2, have been applicable since June 2021. The main changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

4.4.9 FINANCIAL CONGLOMERATE RATIO

The Societe Generale Group, also identified as a "Financial conglomerate", is subject to additional supervision from the ECB.

At 31 December 2022, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

At 30 June 2022, the financial conglomerate ratio was 140%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 74.1billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 52.9 billion.

As at 31 December 2021, the financial conglomerate ratio was 150%, consisting of a numerator "Own funds of the Financial Conglomerate"of EUR 76.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 50.9 billion.

4.5 CREDIT RISK

Audited I Credit risk corresponds to the risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk related to securitisation activities, and may be further amplified by individual, country and sector concentration risk. It also concerns the risk linked to syndication activity. It also includes underwriting risk which is the risk of loss arising from debt syndication activities where the bank fails to meet its final take target due to market conditions, inaccurate reading of investor demand, miscalculated credit profile of the borrower or credit deterioration of the borrower during the syndication phase of the loan/the bond. ▲

4.5.1 CREDIT RISK MONITORING AND SURVEILLANCE SYSTEM

General principles

Audited I The risk approval process is based on the following main principles:

- the analysis and the validation of the files fall respectively and independently to the sector of commercial follow-up of the client and to the dedicated risk units within the risk management function. In order to guarantee a consistent approach to Group risk-taking, this commercial monitoring sector and this risk unit examine all authorisation requests relating to a given client or category of clients. This commercial monitoring sector and this risk unit must be independent of each other;
- the internal rating of counterparties is a key criterion in the granting policy. These ratings are proposed by the commercial monitoring sector and validated by the dedicated risk unit;
- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the commercial monitoring sectors on the other.

The business line assumes the burden of provisions and losses related to its credit decisions as the first line of defence. The Risk Department submits recommendations to CORISQ on the evolution of the granting policy, with limits on credit portfolios, for the countries, geographic areas, sectors, products or types of customers presenting high concentration risks. ▲

Governance

The main mission of the Risk Department is to draw up the document formalising and defining with the Finance Department the Group's risk appetite, a mechanism aimed at defining the acceptable level of risk given the Group's strategic objectives.

The Risk Department is responsible for implementing the system to manage and monitor risks, including cross-Group risks. The Risk Department exercises hierarchical and functional oversight of the Risk management function in charge of Group credit risk giving it a comprehensive view of all the Group's credit risks.

The Risk Department helps define risk policies in light of each core business targets and the associated risk issues. It defines or approves the methods and procedures used to analyse, measure, approve and monitor risks and the risk IT system and makes sure these are appropriate to the core businesses' needs. As second line of defence, various Risk Departments (for Retail Banking, Corporate and Investment Banking and Market activities) are also in charge of credit risk and as such responsible for the independent control as second line of defence. These consist in independently reviewing and comparing any credit application that exceeds the authority delegated to core businesses or local Risk Department teams. The Risk Department also assesses the quality of first-level credit reviews and takes any remedial action necessary.

The Risk Department also approves transactions and limits proposed by core business lines in respect of credit risk.

Finally, as part of its responsibilities as a second line of defence, the Risk Department carries out permanent controls of credit risks. As such, the Risk Department provides independent control as a second line of defence on the detection and monitoring of the overshoot resolution.

The monthly Risk Monitoring Report presented to CORISQ by the Risk Department comments among others on the evolution of the Group's credit portfolio and ensures compliance with the guidelines. Changes in the credit portfolio, changes in credit policy validated by CORISQ and respect for the Group's risk appetite are presented at least quarterly to the Risk Committee of the Board of Directors.

As part of the quarterly reporting to the Board of Directors and to the Risk Committee of the Board of Directors, an overview of the main credit risk metrics supplemented by details of the thresholds and limits where applicable is presented. The following metrics are in particular the subject of a presentation with a quarterly history: net cost of risk, NPL rate (non-performing loans), coverage rate, average credit quality of portfolios, outstanding corporates placed under surveillance (watchlist), supervision of corporate exposures by sector of activity, *Grands Risques Réglementaires* (major regulatory risk exposures), environmental indicators of portfolio alignment, etc.

A monthly version of the report intended for the Risk Committee of the Board of Directors also provides additional information at a Business Unit level or on certain financing activities. A summary of the thematic CORISQs is also presented.

As part of the monthly CORISQ reporting to General Management, a summary of the main credit files is presented. Thematic presentations also provide recurring clarifications on certain perimeters and activities: personal real estate loans, consumer credit, non-retail credit risk, sector limits, country risks, major regulatory risks (*Grands Risques Réglementaires*), environmental indicators of portfolio alignment, etc.

Specificities of retail portfolios

Audited I Individual and professional portfolio (retail portfolio) have specific features in terms of risk management. This management is based on a statistical approach and on the use of tools and methods in the industrialisation of processes.

STATISTICAL APPROACH

The retail portfolio is made up of a sum of exposures of low unit amounts, validated in a partially automated manner, which together constitute significant outstandings at Group level and therefore a high level of risk.

Given the high number and standardisation of retail clients commitments, aggregate monitoring is necessary at all levels of the Risk function in charge of credit risk. This mass monitoring of retail customer exposure is based on the use of a statistical risk approach and monitoring by homogeneous risk class.

In these circumstances, the risk monitoring system for the Retail portfolio cannot rely on the same procedures or the same tools as for corporates.

For instance, any change in marketing policy (shortening the probationary period for loyalty, delegation of lending decisions to brokers, increase in margins, etc.) can have a rapid and massive impact and must therefore be tracked by a system that allows all actors (i) to identify as quickly as possible where any deterioration in exposures is coming from and (ii) to take remedial action.

Even if the IFRS 9 standard authorises a collective approach and if the Group has a statistical approach on retail customers for the evaluation of the expected loss, the increase in risk for the purposes of the classification into stages is identified on an individual basis for this clientele. The available parameters (operating accounts and late payments) allow the assessment of the significant increase in credit risk at the level of individual exposures. The collective approach is currently only used in a very small number of instances within the Group.

IMPORTANCE OF TOOLS AND METHODS IN THE INDUSTRIALISATION OF PROCESSES

The Risk management function must support Business Units and subsidiary managers in managing their risks with an eye to:

- the effectiveness of lending policies;
- the quality of the portfolio and its development over the lifetime of exposures (from grant to recovery).

Risk Department structures its supervision around the following four processes:

- granting: this decision-making process can be more or less automated depending on the nature and complexity of the transactions, and hence the associated risk;
- monitoring: different entities use different systems for granting and managing retail risks systems (scoring, expert systems, rules, etc.) and an appropriate monitoring system must be in place for each to assess the appropriateness of the grant rules applied (notably *via* monitoring);
- recovery: recovery is an essential stage in the life cycle of Retail portfolio credits and makes a decisive contribution to our control of cost of risk. Whatever the organisation adopted (outsourcing, in-house collection, etc.), the establishment of an effective collection process is an essential element of good risk management. It makes a decisive contribution to controlling the cost of risk and limiting the level of our non-performing loans. If recovery is outsourced, it must conform to the Group's regulations governing outsourcing;
- provisioning: provisions against the Retail portfolio are decided at local level. They are calculated using the methodologies and governance methods defined and approved by the Risk Department. ▲

Monitoring individual concentration

Societe Generale complies with regulations governing large exposures (major regulatory risk exposure cap of 25% of equity). A more restrictive internal limit of 10% delegated by General Management (which can occasionally or permanently amend it) has been put in place. Since 1 July 2018, the High Council for Financial Stability has imposed on banks an exposure limit on the most indebted companies established in France at a maximum level of 5% of eligible equity.

Internal systems are implemented to identify and manage the risks of individual concentrations, particularly at granting of credit. For example, concentration thresholds, based on the internal rating of counterparties, are set by CORISQ and define the governance for validating the limits on individual concentrations. Exposures to groups of clients deemed significant by the Group are reviewed by the Large Exposure Committee chaired by the General Management. As part of the identification of its risks, the Group also carries out loss simulations by type of customer (on significant individual exposures that the Group could have).

The Group uses credit derivatives to reduce some exposures considered to be overly significant. Furthermore, the Group systematically seeks to mutualise risks with other banking partners, at origination or through secondary sales, to avoid keeping an excessive share in operations of large-scale companies.

Monitoring country risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes susceptible to negative impact of the country for example from changing regulatory, political, economic, social and financial conditions.

Strictly speaking, the notion of country risk refers to political and non-transfer risk which covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalisation, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.).

More broadly, a deterioration of the credit quality of the country, the Sovereign, or the conditions of activity in the country may result in a commercial risk, with in particular a deterioration of the credit quality of all counterparties in a given country due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be a macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.), currency depreciation, or sovereign default on external debt potentially entailing other defaults.

Overall limits (except for SUIG – Sovereign Upper Investment Grade countries) and/or monitoring of exposures have been established for countries based on their internal ratings and governance indicators. The supervision is strengthened depending on the level of the country's risk.

Country limits (and in some cases thresholds by country) are approved annually by General Management (or the Risk Department in specific situations). They can be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The Country Risk methodology determines an initial risk country and a final risk country (after any guarantee-related effects), which is supervised using country limits or threshold (except for SUIG countries).

The procedure for putting a country on watch list is triggered in the event of deterioration in the country risk or anticipation of such a deterioration by the Risk Department.

Sector monitoring

The Group regularly reviews its entire credit portfolio through analyses by business sector. To do this, it relies on industry sector studies (including a one-year anticipation of sectoral risk) and on sectoral concentration analyses.

In addition, the Group periodically reviews its exposures to the portfolio segments presenting a specific risk profile, within the framework of CORISQs at Group level or at Business Unit level. These identified sectors or sub-portfolios are, where appropriate, subject to specific supervision through portfolio exposure limits and specific granting criteria. The limits are monitored either at General Management level or at Business Unit management level depending on the materiality and the level of risk of the portfolios.

As a complement, targeted sector-based research and business portfolio analyses may be requested by General Management, the Risk Department and/or the businesses, depending on current affairs. In that respect, certain sectors weakened in 2022 by the Russian-Ukrainian crisis and its effects have been subject to dedicated monitoring (for example, the electricity and gas supply sector in Europe).

Portfolios specifically monitored by the Group CORISQ include:

- individual and professional credit portfolio (retail) in metropolitan France and in International Retail Banking in Europe. The Group defines in particular a risk appetite target concerning the minimum share covered by *Crédit Logement* guarantee for real estate loans granted to individuals;
- oil and gas sectors, on which the Group has defined a credit policy adapted to the different types of activity of sector players. This policy distinguishes financing guaranteed by oil reserves, project financing, short-term trade finance transactions, and takes into account regional characteristics;
- commercial real estate scope, on which the Group has defined a framework for origination and monitoring of exposures and limits according to the different types of financing, geographical areas and/or activities;
- leveraged finance, for which the Group applies the definition of the scope and the management guidelines recommended by the ECB in 2017 (guidance on leveraged transactions). The Group continues to pay a particular attention to the Leverage Buy-Out (LBO) sub-portfolio, as well as to the highly-leveraged transactions segment;
- exposures on hedge funds is subject to a specific attention. The Group incurs risk on hedge funds through derivative transactions and its financing activity guaranteed by shares in funds. Risks related to hedge funds are governed by individual limits and global limits on market risks and wrong way risks;
- exposures on shadow banking are managed and monitored in accordance with the EBA guidelines published in 2015 which specify expectations regarding the internal framework for identifying, controlling and managing identified risks. CORISQ has set a global exposure threshold for shadow banking.

Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Department works with the businesses to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and *ad hoc* stress tests, designed to recognise emerging risks. Some of these stress tests are presented to CORISQ and used to determine how to frame the corresponding the activities concerned.

Credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including concentration. They allow to calculate the expected credit losses on exposures which have undergone an event of default and on exposures which have not undergone an event of default, in accordance with the method prescribed in the standard IFRS 9. The perimeter covered may include counterparty credit risk on market activities when relevant.

4.5.2 CREDIT RISK HEDGING

Audited I Guarantees and collateral

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors, monoline or multiline insurers, export credit agencies, States in the context of the health crisis linked to Covid-19 and consequences of Ukraine conflict, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of personal or real property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

In order to reduce its risk-taking, the Group is pursuing active management of its securities, in particular by diversifying them: physical collateral, personal guarantees and others (including Credit Default Swaps).

For information, the mortgage loans of retail customers in France benefit overwhelmingly from a guarantee provided by the financing company *Crédit Logement*, ensuring the payment of the mortgage to the Bank in the event of default by the borrower (under conditions of compliance with the terms of collateral call defined by *Crédit Logement*).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made on the basis of an estimated disposal value composed of the market value of the asset and a discount. The market value corresponds to the value at which the good should be exchanged on the date of the valuation under conditions of normal competition. It is preferably obtained on the basis of comparable assets, failing this by any other method deemed relevant (example: value in use). This value is subject to haircuts depending on the quality of the collateral and the liquidity conditions.

Regarding collateral used for credit risk mitigation and eligible for the RWA calculation, it should be noted that 95% of guarantors are investment grade. These guarantees are mainly provided by *Crédit Logement*, export credit agencies, the French State (within the *Prêts Garantis par l'État* framework of the loans guaranteed by the French State) and insurance companies.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralisation frequencies for all collateral held in the context of commitments granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

More frequent valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function. In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, i.e. EUR 388.5 billion as at 31 December 2022 (compared with EUR 373 billion as at 31 December 2021), of which EUR 159.5 billion for retail customers and EUR 229.1 billion for other types of counterparties (compared with EUR 175 billion and EUR 198 billion as at 31 December 2021, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at amortised cost, which amounted to EUR 304.8 billion as at 31 December 2022, and to off-balance sheet commitments, which amounted to EUR 75.2 billion (compared with EUR 294 billion and EUR 68 billion as at 31 December 2021, respectively).

The amounts of guarantees and collateral received for performing outstanding loans (Stage 1) and under-performing loans (Stage 2) with payments past due amounted to EUR 2.3 billion as at 31 December 2022 (EUR 2.4 billion as at 31 December 2021), including EUR 0.89 billion on retail customers and EUR 1.4 billion on other types of counterparties (versus EUR 1.5 billion and EUR 0.9 billion at 31 December 2021 respectively).

The amount of guarantees and collateral received for non-performing outstanding loans as at 31 December 2022 amounted to EUR 5.8 billion (compared with EUR 5.2 billion as at 31 December 2021), of which EUR 1.4 billion on retail customers and EUR 3.8 billion on other types of counterparties (compared with EUR 1.8 billion and EUR 3.4 billion respectively as at 31 December 2021). These amounts are capped at the amount of outstanding.

Use of credit derivatives to manage Corporate concentration risk

The Group may use credit derivatives for in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in the Corporate and Investment Banking arm, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Department and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives is slightly down at EUR 2.3 billion in nominal terms and a corresponding fair value of EUR +3.6 million at the end of December 2022 (compared to EUR 2.5 billion nominal value and a corresponding fair value of EUR -10.3 million at the end of December 2021). New operations have mainly been performed to approve capital allocation (EUR 1.7 billion) and to a lower extend reduce concentration risk (EUR 0.6 billion).

Over 2022, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) experienced a significant change around an annual average of 94 bps (compared to 50 bps in 2021). The overall sensitivity of the portfolio (Price Value of a Basis Point) is falling due to the reduction in the average maturity of the protections.

The protection purchases (99% of outstanding as 31 December 2022) are mostly made against European clearing houses, and all against counterparties with "Investment Grade" ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 1.8 billion as at 31 December 2022 *versus* EUR 0.9 billion as at 31 December 2021) and liabilities (EUR 1.4 billion as at 31 December 2022 *versus* EUR 1.2 billion as at 31 December 2021) correspond to the fair value of credit derivatives mainly held under a transaction activity.

Credit insurance

The Group has developed relationships with private insurers over the last several years to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group's General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non Investment Grade countries. ▲

TABLE 12: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

	31.12.2022				
(In EURm)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
Total loans	492,418	304,830	128,393	176,437	-
Total debt securities	50,491	8,444	8,363	81	
TOTAL EXPOSURES	**542,909**	**313,274**	**136,756**	**176,518**	**-**
of which non-performing exposures	*3,362*	*5,042*	*2,389*	*2,653*	-
of which defaulted	*3,362*	*5,042*	*2,389*	*2,653*	-

The table as at 31 December 2021 has been modified as follows:

	31.12.2021				
(In EURm)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
Total loans	455,960	297,738	124,447	173,291	-
Total debt securities	55,998	6,654	6,561	93	
TOTAL EXPOSURES	**511,957**	**304,391**	**131,008**	**173,384**	**-**
of which non-performing exposures	*3,216*	*4,944*	*2,217*	*2,727*	-
of which defaulted	*3,216*	*4,944*	*2,217*	*2,727*	-

4.5.3 IMPAIRMENT

Information relating to impairment can be found in Note 3.8 to the consolidated financial statements, which is part of Chapter 6 of the present Universal Registration Document.

4.5.4 RISK MEASUREMENT AND INTERNAL RATINGS

General framework of the internal approach

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply, for the majority of its exposures, the internal method (Internal Rating Based method - IRB) to calculate the capital required for credit risk.

The remaining exposures subject to the Standard approach mainly concern the portfolios of retail customers and SMEs (Small and Medium Enterprises) of the International Retail Banking activities. For exposures processed under the standard method excluding retail customers, which does not use the external note, the Group mainly uses external ratings from the Standard & Poor's, Moody's and Fitch rating agencies and the Banque de France. In the event that several Ratings are available for a third party, the second-best rating is applied.

The rating model monitoring framework is operational, in accordance with regulatory requirements, and detailed below in this section 4.5.4 *"Risk measurement and internal ratings"*.

In accordance with the texts published by the EBA as part of the "IRB Repair" programme and following the review missions carried out by the ECB (TRIM – Targeted Review of Internal Models), the Group is reviewing its internal model system credit risk, so as to comply with these new requirements. A programme dubbed Haussmann was launched in this respect in the Group, and deals with aspects such as:

- the simplification of the architecture of the models, and the improvement of its auditability: either by *ex nihilo* development of new models based on the New Definition of Default (NDoD), and natively integrating the expectations of the EBA and ECB, or by bringing certain existing models up to the new standards;
- improving the quality of data and its traceability throughout the chain;
- the review of the roles and responsibilities of the teams, particularly with regard to building and monitoring the system (backtesting);
- the review of certain IT application bricks, and their rationalisation;
- the establishment of a more complete normative base, and a more consistent relationship with the supervisor.

The roll-out plan also incorporates the changes decided as part of the Haussmann remediation program of the IRB Group system.

Following the TRIMs and as part of compliance with IRB Repair, evolutions to the rating systems and models have been and will be submitted for validation to the ECB.

Audited I To calculate its capital requirements under the IRB method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty (*via* internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the Basel parameters, which are estimated using the internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (such as loans, receivables, accrued income, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty will default within one year;
- the Loss Given Default (LGD): the ratio between the loss on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc.) as well as those for supervision, backtesting and the validation of models. These procedures allow, among other things, to facilitate critical human judgment, an essential complement to the models for non-retail portfolios.

The Group also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favorable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is taken into account *via* the LGD level. ▲

To a very limited extent, Societe Generale also applies an IRB Foundation approach (where only the probability of default is estimated by the Bank, while the LGD and CCF parameters are determined directly by regulation) to a portfolio of specialised lending exposures, including those granted to the subsidiaries Franfinance Entreprises, Sogelease and Star Lease.

Moreover, the Group has authorisation from the regulator to use the IAA (Internal Assessment Approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

In addition to the capital requirement calculation objectives under the IRBA method, the Group's credit risk measurement models contribute to the management of the Group's operational activities. They also constitute tools to structure, price and approve transactions and contribute to the setting of approval limits granted to business lines and the Risk function.

TABLE 13: SCOPE OF THE USE OF IRB AND SA APPROACHES

	31.12.2022					
(In EURm)	**Exposure value as defined in Article 166 CRR for exposures subject to IRB approach**	**Total exposure value for exposures subject to the Standardised approach and to the IRB approach**	**Percentage of total exposure value subject to the permanent partial use of the SA** *(%)*	**Percentage of total exposure value subject to a roll-out plan** *(%)*	**Percentage of total exposure value subject to IRB approach** *(%)*	**of which percentage subject to AIRB approach** *(%)*
Central governments or central banks	252,471	260,328	2.58%	0.00%	97.42%	97.15%
of which regional governments or local authorities		*805*	*19.01%*	*-*	*80.99%*	*80.99%*
of which public sector entities		*67*	*91.66%*	*-*	*8.34%*	*8.33%*
Institutions	38,589	44,930	7.54%	0.93%	91.54%	91.53%
Corporates	287,105	331,166	8.11%	1.71%	90.18%	88.40%
of which Corporates – Specialised lending, excluding slotting approach		*72,490*	*1.52%*	*-*	*98.48%*	*98.48%*
of which Corporates – Specialised lending under slotting approach		*1,255*	*-*	*-*	*100.00%*	*100.00%*
Retail	193,661	238,959	15.30%	4.33%	80.38%	80.38%
of which Retail – Secured by real estate SMEs		*6,263*	*13.74%*	*0.09%*	*86.17%*	*86.17%*
of which Retail – Secured by real estate non-SMEs		*140,400*	*9.30%*	*0.15%*	*90.55%*	*90.55%*
of which Retail – Qualifying revolving		*5,598*	*17.57%*	*24.04%*	*58.38%*	*58.38%*
of which Retail – Other SMEs		*36,089*	*22.70%*	*13.70%*	*63.60%*	*63.60%*
of which Retail – Other non-SMEs		*50,609*	*26.61%*	*7.57%*	*65.82%*	*65.82%*
Equity	5,104	6,335	19.44%	-	80.56%	80.56%
Other non-credit obligation assets	752	39,569	98.10%	-	1.90%	1.90%
TOTAL	**777,682**	**921,287**	**12.33%**	**1.78%**	**85.89%**	**85.17%**

TABLE 14: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

	IRB approach	**Standard approach**
French Retail Banking and Private Banking	Majority of French Retail Banking (including Boursorama) and Private Banking portfolios	Some specific client or product types for which the modeling is currently not adapted SG Kleinwort Hambros subsidiary
International Retail Banking and Financial Services	Subsidiaries KB (Czech Republic), CGI, Fiditalia, GEFA, SG Leasing SPA and Fraer Leasing SPA, SGEF Italy	Other international subsidiaries (in particular BRD, SG Maroc, Hanseatik) Car Leasing (ALD)
Global Banking and Investor Solutions	Majority of Corporate and Investment Banking portfolios	SGIL subsidiary, as well as specific client or product types for which the modeling is currently not adapted

Credit risk measurement for wholesale clients

The Group has implemented the following system for Corporate (including specialised financing), Banking and Sovereign portfolios.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The rating system consists of assigning a score to each counterparty according to a specific internal scale per rating system (set of counterparties treated homogeneously whether in terms of granting, rating tool or recovery process). For perimeters on which an internal scale reviewed according to EBA IRB Repair standards has not yet been validated by the supervisor, each grade corresponds to a probability of default determined using historical series observed by Standard & Poor's for over more than twenty years.

The following table presents the indicative corresponding scales of the main external credit rating agencies and the corresponding average probabilities of default, as well as the Group's internal rating scale.

The rating assigned to a counterparty is generally proposed by a model, and possibly adjusted by a credit analyst, who then submits it for validation to the Risk Management function.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), geographic region and size of the Company (usually assessed through its annual revenue).

The Company rating models are underpinned by statistical models (regression methods) based on client default observations. They combine quantitative parameters derived from financial data that evaluate the sustainability and solvency of companies and qualitative parameters that evaluate economic and strategic dimensions.

TABLE 15: SOCIETE GENERALE'S INTERNAL RATING SCALE AND INDICATIVE CORRESPONDING SCALES OF RATING AGENCIES[1]

Investment grade/ Non-investment grade	Probability of default range	Counterparty internal rating	Indicative equivalent Standard & Poor's	Indicative equivalent Fitch	Indicative equivalent Moody's	1 year internal probality of default (average)
Investment grade	0.00 to < 0.10	1	AAA	AAA	Aaa	0.009%
		2+	AA+	AA+	Aa1	0.014%
		2	AA	AA	Aa2	0.020%
		2-	AA-	AA-	Aa3	0.026%
		3+	A+	A+	A1	0.032%
		3	A	A	A2	0.036%
		3-	A-	A-	A3	0.061%
	0.10 to < 0.15	4+	BBB+	BBB+	Baa1	0.130%
	0.15 to < 0.25					
	0.25 to < 0.50	4	BBB	BBB	Baa2	0.257%
	0.50 to < 0.75	4-	BBB-	BBB-	Baa3	0.501%
Non-investment grade	0.75 to < 1.75	5+	BB+	BB+	Ba1	1.100%
	1.75 to < 2.5	5	BB	BB	Ba2	2.125%
	2.5 to < 5	5-	BB-	BB-	Ba3	3.260%
		6+	B+	B+	B1	4.612%
	5 to < 10	6	B	B	B2	7.761%
	10 to < 20	6-	B-	B-	B3	11.420%
		7+	CCC+	CCC+	Caa1	14.328%
	20 to < 30	7	CCC	CCC	Caa2	20.441%
		7-	C/CC/CCC-	CCC-	Caa3	27.247%
	30 to < 100					

LGD MODELS

The Loss Given Default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the Loss Given Default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and location of the transaction or of the counterparty, depending on whether or not collateral has been posted, and the nature thereof if applicable. This makes it possible to define homogeneous risk pools, particularly in terms of recovery, procedures and the legal environment.

These estimates are founded on statistics when the number of loans in default is sufficient. In such circumstances, they are based on recovery data observed over a long period. When the number of defaults is insufficient, the estimate is revised or determined by an expert.

CREDIT CONVERSION FACTOR (CCF) MODELS

For its off-balance sheet exposures, the Group is authorised to use the internal approach for "Term loan with drawing period" products and revolving credit lines.

(1) The Group is in the process of implementing a multi-scale approach differentiated by rating system.

TABLE 16: MAIN CHARACTERISTICS OF MODELS AND METHODS – WHOLESALE CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of methods, models	Methodology Number of years default/loss
Wholesale clients			
Probability of Default (PD)	Sovereigns	1 method.	Econometric method. Low default portfolio.
	Public sector entities	4 models according to geographic region.	Statistical (regression)/expert methods for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Low default portfolio.
	Financial institutions	11 models according to type of counterparty: banks, insurance, funds, financial intermediaries, funds of funds.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Specialised financing	3 models according to type of transaction.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Large corporates	9 models according to geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.
	Small- and medium-sized companies	21 models according to the size of the Company and the geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire, behavioral score. Defaults observed over a period of 8 to 10 years.
Loss Given Default (LGD)	Public sector entities – Sovereigns	6 models according to type of counterparty.	Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Flat-rate Approach	25 models Flat-rate approach according to type of collateral.	Calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Discount Approach	16 models Discount approach according to type of recoverable collateral.	Statistical calibration based on historical market data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Small- and medium-sized companies	17 models Flat-rate approach according to type of collateral or unsecured.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Project financing	9 models Flat-rate approach according to project type.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Financial institutions	5 models Flat-rate approach according to type of counterparty: banks, insurance, funds, etc. and the nature of the collateral.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Other specific portfolios	6 models: factoring, leasing with option to purchase and other specific cases.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Large corporates	5 models: term loans with drawing period, revolving credits, Czech Corporates.	Models calibrated by segment. Defaults observed over a period of more than 10 years.
Expected Loss (EL)	Real estate transactions	2 models by slotting.	Statistical model based on expert judgments and a qualitative questionnaire. Low default portfolio.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire wholesale client credit system is measured by backtests that compare, by portfolio, the PD, LGD and CCF estimates with actual results, thus making it possible to measure the prudence of the risk parameters used in the IRB approach.

The backtest results and remediation plans are presented to the Expert Committee for discussion and approval (see section “Governance of the modelling of credit risk”). These results may justify the implementation of remediation plans if the system is deemed to be insufficiently prudent. The discriminating power of the models and the change of the composition of the portfolio are also measured.

The results presented above cover the entire Group portfolios. Backtests compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate was calculated on the basis of performing exposures over the period from 2008 to 2021.

The historic default rate remains stable across all the exposure classes. The estimated probability of default is higher than the historical default rates for all Basel portfolios and for most of the ratings. It should be noted that new internal models are being developed to comply with new regulatory requirements.

TABLE 17: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – WHOLESALE CLIENTS – IRBA

	31.12.2022					
Exposure class	**Weighted average PD** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical average annual default rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end**[(1)]	**of which number of debtors in default during the year**
Central banks and central administrations	0.5%	1.1%	0.2%	0.7%	421	3
Institutions	0.4%	0.8%	0.3%	0.2%	3,427	8
Corporates – SME	3.2%	4.2%	3.3%	1.9%	61,004	1,166
Corporates – Specialised lending	1.8%	2.7%	1.8%	1.6%	2,407	39
Corporates – Others	1.4%	3.9%	1.7%	1.3%	25,319	322

(1) Performing exposures.

	31.12.2021					
Exposure class	**Weighted average PD** *(%)*	**Arithmetic mean of debtor PD** *(%)*	**Historical average annual default rate** *(%)*	**Average annual default rate** *(%)*	**Number of debtors Year-end**[(1)]	**of which number of debtors in default during the year**
Central banks and central administrations	0.6%	1.3%	0.2%	0.2%	451	1
Institutions	0.5%	0.8%	0.3%	0.1%	3,480	3
Corporates – SME	2.9%	4.3%	3.4%	1.6%	61,326	988
Corporates – Specialised lending	1.8%	2.8%	1.9%	1.0%	2,255	22
Corporates – Others	1.3%	3.9%	1.8%	1.2%	24,625	301

(1) Performing exposures.

TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – WHOLESALE CLIENTS – IRBF

	31.12.2022					
Exposure class	Weighted average PD *(%)*	Arithmetic mean of debtor PD *(%)*	Historical average annual default rate *(%)*	Average annual default rate *(%)*	Number of debtors Year-end(1)	of which number of debtors in default during the year
Central banks and central administrations	0.3%	0.3%	0.0%		11	
Institutions	0.6%	0.8%	0.2%		18	
Corporates – SME	3.4%	4.6%	3.4%	2.3%	11,971	277
Corporates - Specialised financing						
Corporates – Others	2.0%	4.2%	2.0%	1.7%	6,259	108

(1) Performing exposures.

	31.12.2021					
Exposure class	Weighted average PD *(%)*	Arithmetic mean of debtor PD *(%)*	Historical average annual default rate *(%)*	Average annual default rate *(%)*	Number of debtors Year-end(1)	of which number of debtors in default during the year
Central banks and central administrations	0.6%	0.0%	0.0%	0.0%	102	0
Institutions	0.4%	1.2%	0.2%	0.0%	27	0
Corporates – SME	3.5%	5.0%	3.5%	2.5%	11,220	275
Corporates - Specialised financing						
Corporates – Others	2.3%	4.5%	2.0%	2.0%	6,511	131

(1) Performing exposures.

TABLE 19 : COMPARISON OF RISK PARAMETERS : ESTIMATED AND ACTUAL LGD WHOLESALE CLIENTS

	31.12.2021	
Basel Portfolio	**LGD IRBA(1)**	**Estimated losses excluding margin of prudence**
Large corporates	37%	32%
Small and medium sized companies	39%	26%

(1) Senior unsecured LGD.
The "observed EAD/IRBA EAD" ratio calculation method is being revised.

Credit risk measurements of retail clients

The Group has implemented the following system for the retail portfolio made up of individual customers, SCIs (real estate investment companies – *Sociétés civiles immobilières*) and professional customers.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The modeling of the probability of default of retail client counterparties is carried out specifically by each of the Group's subsidiaries using the IRBA method in consumer finance activities, equipment finance or in the Czech Republic. For French retail network, modelling is centralised within Group Risk Division. The models incorporate data on the account behavior of counterparties. They are segmented by type of customer and distinguish between retail customers, professional customers, very small businesses and real estate investment companies.

The counterparties of each segment are classified automatically, using statistical models, into homogeneous risk pools, each of which is assigned a probability of default. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle, using a through-the-cycle (TTC) approach.

LGD MODELS

The models for estimating the Loss Given Default (LGD) of retail customers are specifically applied by business line portfolio and by product, according to the existence or not of collateral.

The expected losses are estimated using internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted by safety margins in order to reflect the possible impact of a downturn.

CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current accounts held by retail and professional customers.

TABLE 20: MAIN CHARACTERISTICS OF MODELS AND METHODS USED – RETAIL CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of models	Methodology Number of years of default/loss
Retail clients			
Probability of Default (PD)	Residential real estate	7 models according to entity, type of guarantee (security, mortgage), type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.
	Other loans to individual customers	15 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.
	Renewable exposures	4 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model (regression), behavioral score. Defaults observed over a period of more than five years.
	Professionals and very small businesses (VSB)	10 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model (regression or segmentation), behavioral score. Defaults observed over a period of more than five years.
Loss Given Default (LGD)	Residential real estate	10 models according to entity, type of guarantee (security, mortgage), and type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model of expected recoverable flows based on the current flows. Losses and recoverable flows observed over a period of more than 10 years.
	Other loans to individual customers	18 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Renewable exposures	7 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Professionals and very small businesses	12 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Renewable exposures	12 calibrations by entity for revolving products and personal overdrafts.	Models calibrated by segment over a period of observation of defaults of more than five years.
	Residential real estate	4 calibrations by entity for real estate.	CCF flat rate of 100%. Relevance of this flat rate CCF is confirmed through the draw-down rate observed over a period of more than five years.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire retail client credit system is measured by backtests, which check the performance of PD, LGD and CCF models and compare estimates with actual results.

Each year, the average long-term default rates observed by homogeneous risk class are compared to the PDs.

The results presented below cover all of the Group’s portfolios. Backtests compare the estimated probability of default (arithmetic average weighted by the debtors) to the observed results (the historical annual default rate). The historical default rate was calculated on the basis of healthy outstandings over the period from 2010 to 2021. Creditors are included in accordance with the revised instructions of the EBA publication of 14 December 2016 (EBA/GL/2016/11).

After a year in 2021 marked by the end of the health crisis and a historically low level of risk, the economic situation deteriorated in 2022. The impact of the war in Ukraine (energy crisis, inflation, commodity prices, etc.) is weighing on companies already weakened by the health crisis and which have taken out EMPs. Increasing costs to professionals are impacting their cash flow and leading to a deterioration in risk profiles. We see both a degradation of risk classes - corresponding to a renormalisation effect in relation to the COVID period in which counterparties had received government aid - and a revival of defaults, in particular on PRO clients with a PGE.

The private market is more resilient, especially in the real estate portfolio. Nevertheless, a rise in risk was observed on consumer credit over the year-end, but it did not reach pre-crisis levels. Indeed, this rise follows a year in 2021, when indicators reached record-low levels.

It should be noted that new internal models, the development of which is finalised or planned, will make it possible to comply with the latest regulatory requirements.

TABLE 21: COMPARISON OF ESTIMATED RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES – RETAIL CLIENTS (IRBA)(1)

	31.12.2022					
Exposure class	Weighted average PD *(%)*	Arithmetic mean of debtor PD *(%)*	Historical average annual default rate *(%)*	Average annual default rate *(%)*	Number of debtors Year-end	of which number of debtors in default during the year
Retail – Secured by real estate SME	1.2%	1.4%	2.1%	1.1%	31,856	359
Retail – Secured by real estate non-SME	0.7%	0.9%	0.8%	0.3%	1,160,703	3,104
Retail – Qualifying revolving	2.4%	2.5%	1.9%	1.5%	5,582,728	85,477
Retail – Other SME	3.1%	3.4%	3.3%	2.8%	553,086	15,243
Retail – Other non – SME	2.3%	3.7%	3.2%	2.2%	1,860,932	40,748

	31.12.2021					
Exposure class	Weighted average PD *(%)*	Arithmetic mean of debtor PD *(%)*	Historical average annual default rate *(%)*	Average annual default rate *(%)*	Number of debtors Year-end	of which number of debtors in default during the year
Retail – Secured by real estate SME	1.5%	1.6%	2.2%	1.1%	33,475	369
Retail – Secured by real estate non-SME	0.8%	0.8%	0.9%	0.3%	1,171,550	3,520
Retail – Qualifying revolving	3.1%	2.6%	1.9%	1.4%	5,701,905	80,316
Retail – Other SME	2.9%	2.9%	3.4%	2.2%	770,826	17,118
Retail – Other non – SME	2.1%	3.3%	3.3%	1.7%	1,824,511	30,380

(1) Performing exposures.

TABLE 22: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD AND EAD VALUES – RETAIL CLIENTS

	31.12.2022		
Basel portfolio	**A-IRB LGD**	**Estimated losses excluding margin of prudence**	**Observed EAD/ A-IRB EAD**
Real estate loans (excl. guaranteed exposures)	18%	12%	-
Revolving credits	49%	21%	79%
Other loans to individual customers	30%	25%	-
VSB and professionals	28%	19%	77%
Total Group retail clients	**26%**	**19%**	**79%**

The changes in estimated losses can be explained by a change in backtesting methodology (1-time calculation).

The changes in EAD can be explained by the implementation of new models.

The changes in the "Other loans to individual customers" can be explained by a change in scope.

	31.12.2021		
Basel portfolio	**A-IRB LGD**	**Estimated losses excluding margin of prudence**	**Observed EAD/ A-IRB EAD**
Real estate loans (excl. guaranteed exposures)	18%	9%	-
Revolving credits	48%	43%	66%
Other loans to individual customers	28%	23%	-
VSB and professionals	29%	22%	72%
Total Group retail clients	**26%**	**19%**	**68%**

Governance of the modeling of credit risk

Credit own funds estimation models are subject to the global model risk management framework (see Chapter 4.12 *"Model risk"*).

The first line of defence is responsible for designing, putting into production, using and monitoring models, in compliance with model risk management governance rules throughout the model lifecycle, which include for credit risk internal models traceability of development and implementation stages and annual backtesting. Depending on the specificities of each model family, in particular depending on the regulatory environment, the second line of defence (LOD2) may decide to perform the backtesting of the model family. In such case the LOD2 is responsible for defining a dedicated standard for the model family and informing the first line of defence (starting with the model owner) of the outcome of the backtesting.

The Model Risk Department, reporting directly to the Risk Department, acts as a second line of defence for all credit risk models. Independent model review teams rely, for the conduct of their missions, on principles of control of the theoretical robustness (assessment of the quality of the design and development) of the models, the conformity of the implementation and the use, the continuous follow-up of model relevance over time. The independent review process concludes with (i) a report summarising the scope of the review, the tests performed, the results of the review, the conclusions or recommendations and with (ii) Reviewing and Approval Committees (respectively *Comité Modèles* and *Comité Experts* in the case of credit risk models). The model control system gives rise to recurring reports to the Risk Department within the framework of various bodies and processes (Group Model Risk Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and annually to the General Management (CORISQ). The Model Risk Department reviews, amongst others, new models, backtesting results and any change to the credit own funds estimation models. In accordance with the Delegated Regulation (EU) No. 529/2014 of 20 May 2014 relating to the follow-up of internal models used for own funds computation, any model change to the Group's credit risk measurement system is then subjected to two main types of notification to the competent supervisor, depending on the significant nature of the change laid down by this regulation itself:

- significant changes which are subject to a request for approval prior to their implementation;
- other changes which should be notified to the competent authorities: (i) prior to their implementation: changes, according to the criteria defined by the regulation, are notified to the Supervisor (*ex-ante* notification); barring a negative response, these may be implemented within a two months period; (ii) after their implementation: these changes are notified to the competent authorities after their implementation at least once a year, through a specific report (*ex-post* notification).

The Internal Audit Department, as a third line of defence, is responsible for periodically assessing the overall effectiveness of the model risk management framework (relevance of the model risk governance and efficiency of second line of defence activities) and performing the independent model audit.

Climate risk – Measuring sensitivity to transition risk

Audited I Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as one of the main climate change-related risk for the Group.

In order to measure this impact, the Group is gradually implementing a Corporate Climate Vulnerability Indicator (CCVI) which aims to reinforce the credit analysis on the most exposed counterparties. ▲

(See section 4.13.4 "*Incorporating the environment in the risk management framework*" page 279).

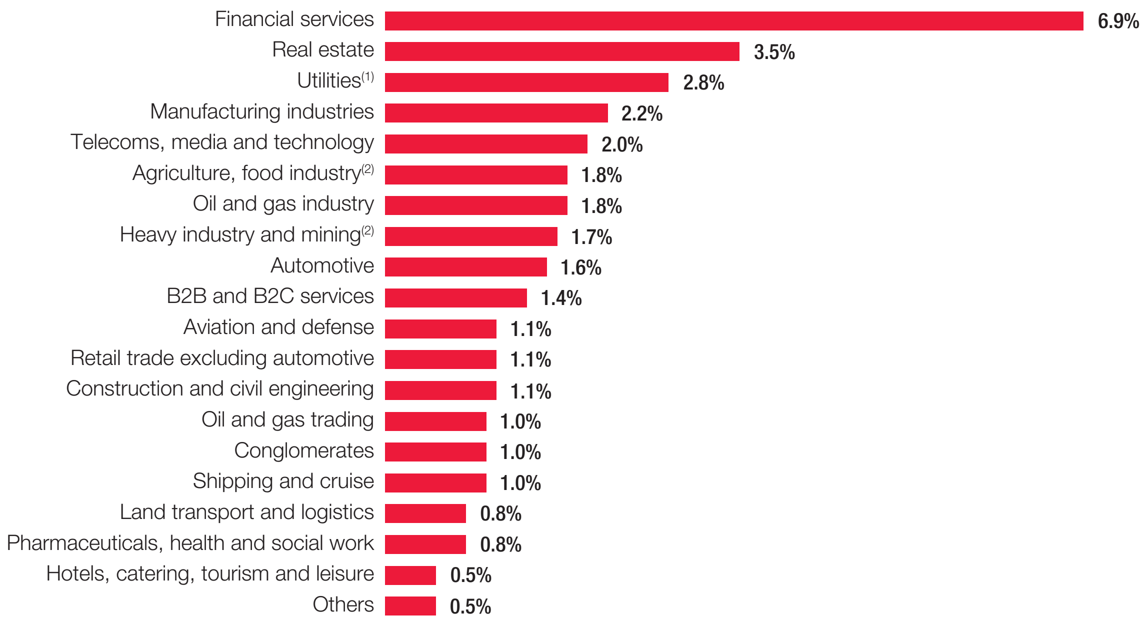
4.5.5 QUANTITATIVE INFORMATION

Audited I In this section, the measurement used for credit exposures is the EAD – Exposure At Default (on- and off-balance sheet). Under the Standardised Approach, the EAD is calculated net of collateral and provisions. ▲

The grouping of business segments was reviewed in 2022 in order to comply with internal credit risk monitoring methodologies and new reporting requirements from EBA on sectors. The grouping used is based on the main economic activity of counterparties. The EAD is broken down according to the guarantor's characteristics, after taking into account the substitution effect (unless otherwise indicated).

More information available in sections 6.5 *"Quantitative information"* and 6.6 *"Additional quantitative information on credit risk"* in the Risk Report Pillar 3 document.

SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE ON TOTAL GROUP EXPOSURE (BASEL PORTFOLIO)



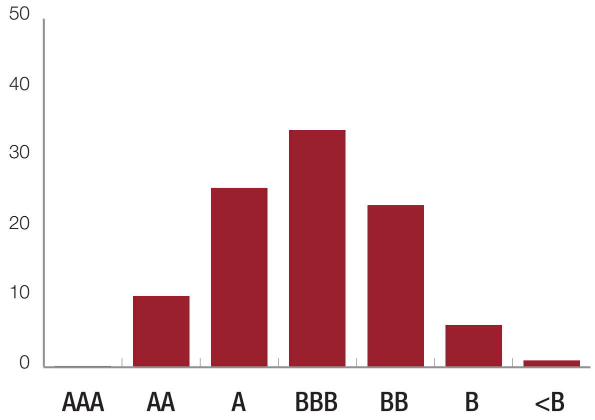
The EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

At 31 December 2022, the Corporate portfolio amounted to EUR 390 billion out of a total of EUR 1,119 billion for the group (on- and off-balance sheet exposures measured in EAD). The Group's exposure to its ten largest Corporate counterparties accounted for 5% of this portfolio.

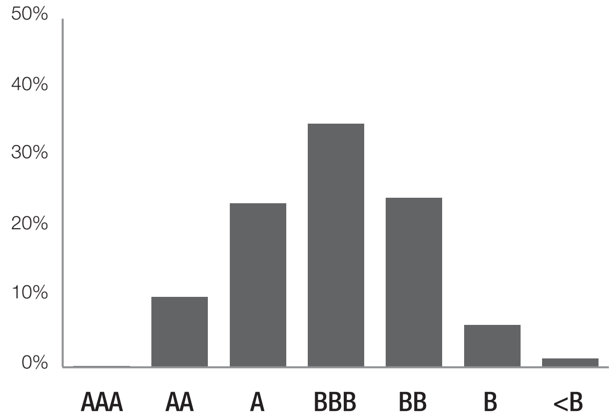
(1) Including power activities (2.5%).
(2) Including trading activities.

Corporate and banking clients' exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2022 (AS % OF EAD)



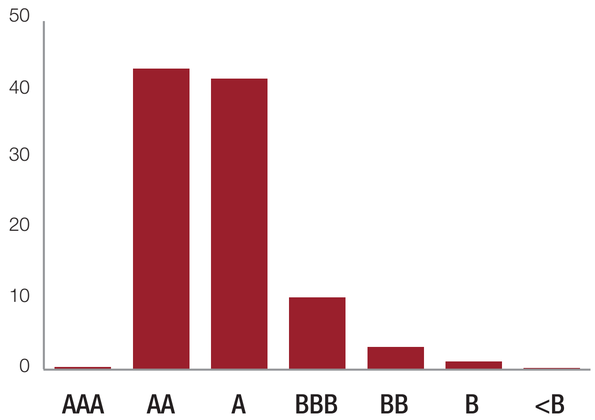
BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



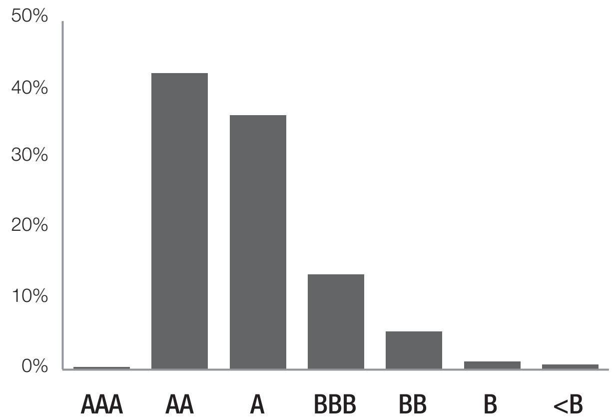
The scope includes performing loans recorded under the IRB method (excluding prudential classification criteria, by weight, of specialised financing) for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 318 billion (out of total EAD for the Basel Corporate client portfolio of EUR 351 billion, standard method included). The breakdown by rating of the Group’s Corporate exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its Standard & Poor’s equivalent.

At 31 December 2022, the majority of the portfolio (70% of Corporate clients) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-. Transactions with non-investment grade counterparties were very often backed by guarantees and collateral in order to mitigate the risk incurred.

BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2022 (AS % OF EAD)



BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



The scope used for banking clients corresponds to performing loans recorded under the IRB method on all Banking portfolios, including all core businesses, and represents EAD of EUR 58 billion (out of total EAD for the Basel Banking portfolio of EUR 95 billion, standard method included). The breakdown by rating of the Group's exposure to banking counterparties of Group Societe Generale demonstrates the sound quality of the portfolio. It is based on the internal counterparty rating system, presented above as its Standard & Poor's equivalent. At 31 December 2022, the majority of the Banking client exposure involved investment-grade counterparties (96% of the exposure).

Change in risk-weighted assets (RWA) and capital requirements for credit and counterparty credit risks

TABLE 23: CHANGE IN RISK-WEIGHTED ASSETS (RWA) BY APPROACH (CREDIT AND COUNTERPARTY CREDIT RISKS)

(In EURm)	RWA - IRB	RWA - Standard	RWA - Total	Capital requirements - IRB	Capital requirements - Standard	Capital requirements - total
RWA as at end of previous reporting period (31.12.2021)	**192,368**	**109,682**	**302,051**	**15,389**	**8,775**	**24,164**
Asset size	(3,165)	(1,264)	(4,429)	(253)	(101)	(354)
Asset quality	2,100	1,785	3,886	168	143	311
Model updates	7,758	-	7,758	621	-	621
Methodology and policy	(3,849)	(4,115)	(7,965)	(308)	(329)	(637)
Acquisitions and disposals	1,238	(7,253)	(6,015)	99	(580)	(481)
Foreign exchange movements	2,122	476	2,598	170	38	208
Other			-	-	-	-
RWA as at end of reporting period (31.12.2022)	198,572	99,311	297,883	15,886	7,945	23,831

The table above presents the data without CVA (Credit Valuation Adjustment).

The main effects explaining the EUR 4 billion decrease in RWA (excluding CVA) in 2021 are as follows:

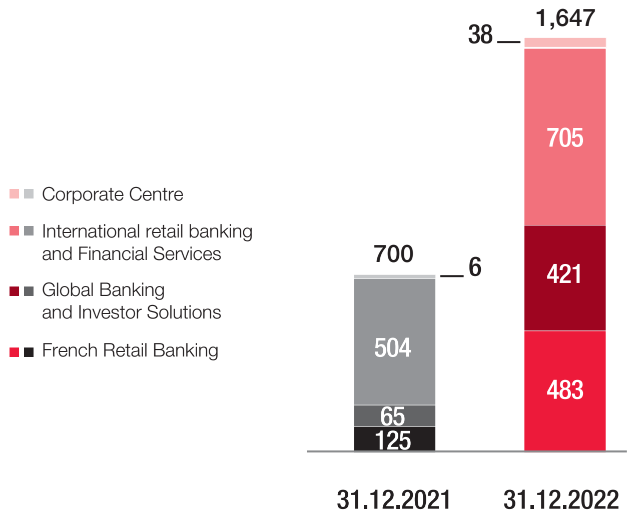
- an acquisitions and disposals effect of EUR -6.0 billion mainly related to the disposal of the Rosbank entity;
- a methodological effect of EUR -8.0 billion mainly on :
  - Counterparty risk mainly related to efforts to improve the efficiency of CCR EAD calculations and the agreement of the authorities for the recognition and application of a netting on Chinese counterparties.
  - Credit risk mainly on the off-balance sheet due to the inclusion of cash flows in the calculation of the financial maturity.
- a model effect of EUR +7.8 billion euros linked to the remediation of models following the TRIM review and the entry into effect of IRB Repair;
- a foreign exchange effect of EUR +2.6 billion euros mainly linked to the appreciation of the US dollar against the euro.

The effects are defined as follows:

- asset size: organic changes in book size and composition (including the creation of new business lines and maturing loans) but excluding changes due to acquisitions and disposals of entities;
- asset quality: changes in the quality of the Bank's assets due to changes in borrower risk, such as rating grade migration or similar effects;
- model updates: changes due to model implementation, changes in model scope or any changes intended to address model weaknesses;
- methodology and policy: changes due to methodological changes in calculations driven by regulatory changes, including both revisions to existing regulations and new regulations;
- acquisitions and disposals: changes in book size due to acquisitions and disposals of entities;
- foreign exchange movements: changes arising from market fluctuations, such as foreign currency translation movements;
- other: this category is used to capture changes that cannot be attributed to any other categories.

Net cost of risk

CHANGE IN GROUP NET COST OF RISK (IN EURM)



The Group's net cost of risk in 2022 was EUR -1 647 million, up by 135% compared to 2021. This higher cost of risk compared to a low 2021 reference base is explained by a cost of risk which remains low on defaulted outstandings (stage 3), 17 bp compared to 18 bp in 2021, and provisions on sound outstandings (stage 1/stage 2) in order to maintain a prudent provisioning policy in an environment marked by economic prospects less favorable and in particular the rise in inflation and interest rates.

The cost of risk (expressed in basis points on the average of outstandings at the beginning of the period for the four quarters preceding the closing, including operating leases) thus stands at 28 basis points for the year 2022 compared to 13 basis points in 2021.

- In **French Retail Banking**, the cost of risk is up to 20 basis points in 2022 compared to 5 basis points in 2021. This NCR includes an allocation of 4 bps on sound outstandings (compared to the stage 1/stage 2 recovery of -7bp in 2021).
- At 52 basis points in 2022 (compared to 38 basis points in 2021), the cost of risk of the **International Retail Banking and Financial Services** division increased despite a lower NCR on defaulted outstandings (internship 3) due to an allocation of 15 base points on stage 1/stage 2.
- The cost of risk for **Global Banking and Investor Solutions** posted a level of 23 basis points (compared to 4 basis points in 2021), reflecting a sharp rise in the cost of risk on performing loans (stage 1/ stage 2) at 20 bp, while the NCR on defaulted outstandings remains very moderate (4 bp against 7 bp in 2021).

Asset quality

TABLE 24: ASSET QUALITY

(In EURbn)	31.12.2022	31.12.2021
Performing loans	554.4	543.9
inc. Stage 1 book outstandings[(1)]	*494.2*	*479.9*
inc. Stage 2 book outstandings	*43.6*	*43.5*
Non-performing loans	15.9	16.5
inc. Stage 3 book outstandings	*15.9*	*16.5*
Total gross book outstandings*	570.3	560.4
GROUP GROSS NON PERFORMING LOANS RATIO*	**2.8%**	**2.9%**
Provisions on performing loans	3.2	2.8
inc. Stage 1 provisions	*1.0*	*1.1*
inc. Stage 2 provisions	*2.1*	*1.7*
Provisions on non-performing loans	7.7	8.4
inc. Stage 3 provisions	*7.7*	*8.4*
Total provisions	10.9	11.2
GROUP GROSS NON-PERFORMING LOANS RATIO (PROVISIONS ON NON-PERFORMING LOANS/NON-PERFORMING LOANS)	**48%**	**51%**

(1) Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning.

** Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated.*

Restructured debt

Audited I For the Societe Generale group, “restructured” debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower’s financial difficulties (whether these financial difficulties have already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules and without any financial difficulties.

Any situation leading to a credit restructuring and involving a loss of value greater than 1% of the original debt or in which the customer’s ability to repay the debt according to the new schedule appears compromised must result in the classification of the customer concerned in default. Basel and the classification of outstandings as impaired, in accordance with the EBA directives on the application of the definition of default according to Article 178 of European Regulation No. 575/2013. In this case, customers are kept in default as long as the Bank is uncertain about their ability to honor their future commitments and at least for one year from the date of the restructuring. In other cases, an analysis of the customer’s situation makes it possible to estimate his ability to repay according to the new schedule. If this ability is proved, the client can be remained in performing loans. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt at 31 December 2022 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 6.9 billion. ▲

TABLE 25: RESTRUCTURED DEBT

(In EURm)	31.12.2022	31.12.2021
Non-performing restructured debt	2,645	3,342
Performing restructured debt	4,779	5,424
GROSS AMOUNT OF RESTRUCTURED DEBT[(1)]	**7,425**	**8,765**

(1) Composed of EUR 6.9 billion carried on the balance sheet and EUR 0.5 billion as off-balance sheet at 31 December 2022.

4.6 COUNTERPARTY CREDIT RISK

Audited I Counterparty credit risk (CCR) is driven by market transactions. Counterparty credit risk is therefore a multidimensional risk, combining credit and market risks, in the sense that the future value of the exposure to a counterparty and its credit quality are uncertain and variable in time (credit component), whilst also being impacted by changes in market parameters (market component). It can be broken down into the following categories:

- default risk: it corresponds to the replacement risk to which the Societe Generale Group is exposed in the event of a counterparty's failure to comply with its payment obligations. In this case, following the counterparty's default SG must replace this transaction with a new transaction. Potentially, this must be done under stressed market conditions, with reduced liquidity and sometimes even facing a Wrong Way Risk (WWR);
- Credit Valuation Adjustment (CVA) risk: it corresponds to the variability of the value adjustment due to counterparty credit risk, which is the market value of the CCR for derivatives and repos, that is an adjustment to the transaction price factoring in the credit quality of the counterparty. It is measured as the difference between the price of a contract with a risk-free counterparty and the price of the same contract factoring in the counterparty's default risk;
- risk on CCPs : it is related to the default of another clearing member of the central clearing house, which could result in losses for the Group on its contribution to the default fund.

Transactions involving counterparty credit risk include delivered pensions, securities lending and borrowing, and derivative contracts, whether they are dealt with principal activity or on behalf of third parties (agency activities or client clearing) in the context of market activites. ▲

4.6.1 DETERMINING LIMITS AND MONITORING FRAMEWORK

4.6.1.1 Main principles

Audited I Counterparty credit risk is framed through a set of limits that reflect the Group's appetite for risk.

Counterparty credit risk management mainly relies on dedicated first and second lines of defence as described below:

- the first lines of defence (LoD1) notably include the business lines that are subject to counterparty credit risk, the Primary Client Responsibility Unit that is in charge of handling the overall relationship with the client and the group to which it belongs, dedicated teams within the Global Banking and Advisory and the Global Markets Business Units responsible for monitoring and managing the risks within their respective scope of activities;
- the Risk Department acts as a second line of defence (LoD2) through the setup of a counterparty credit risk control system, which is based on standardised risk measures, to ensure the permanent and independent monitoring of counterparty credit risks.

The fundamental principles of limit granting policy are:

- dedicated LoD1 and LoD2 must be independent of each other;
- the Risk Department has a division dedicated to counterparty credit risk management in order to monitor and analyse the overall risks of counterparties whilst taking into account the specificities of counterparties;
- a system of delegated authorities, mainly based on the internal rating of counterparties, confers decision-making powers to LoD1 and LoD2;
- the limits and internal ratings defined for each counterparty are proposed by LoD1 and validated by the dedicated LoD2[1]. The limits may be set individually, at the counterparty level, or globally through framing a (sub)set of counterparties (for example: supervision of stress test exposures).

These limits are subject to annual or *ad hoc* reviews depending on he needs and changing market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions booked by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis: breaches of limits are reported to Front Office and dedicated LoD2 for remediation actions.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

4.6.1.2 Comitology

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk through:

- a global overview on exposure and counterparty credit risk metrics such as the global stress tests, the Potential Future Exposure PFE, etc., as well as focuses on specific activities such as collateralised financing, or agency business;

(1) For Hedge Funds and PTG (Proprietary Trading Group) counterparties, the rating proposal is delegated to LoD2.

- dedicated analysis on one or more risks or customer categories or frameworks or in case of identification of emerging risk areas.

This Committee, chaired by the Risk Department on a monthly basis, brings together representatives from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the risk frameworks within its authority. The CRCC also identifies key CCR topics that need to be escalated to the management.

4.6.1.3 Replacement risk

The Group frames the replacement risks by limits that are defined by credit analysts and validated by LoD2 based on the Group's risk appetite.

The limits are defined at the level of each counterparty and then aggregated at the level of each client group, each category of counterparties and finally consolidated at the entire Societe Generale Group portfolio level.

The limits used for managing counterparty credit risk are:

- defined at the counterparty level;
- consolidated across all products types authorised with the counterparty;
- established by maturity buckets to control future exposure using the Potential Future Exposure (PFE) measure also known as CVaR within Societe Generale;
- calibrated according to the credit quality and the nature of the counterparty, the nature/maturity of the financial instruments contemplated (FX transactions, repos transactions, security lending transactions, derivatives, etc.), and the economic understanding, the contractual legal framework agreed and any other risk mitigants.

The Group also considers other measures to monitor replacement risk:

- a multifactor stress test on all counterparties, which allows to holistically quantify the potential loss on market activities following market movements which could trigger a wave of defaults on these counterparties;
- a set of single-factor stress tests to monitor the general wrong-way risk (see section 4.6.3.3 on Wrong Way Risk).

4.6.1.4 CVA (Credit Valuation Adjustment) risk

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the counterparties facing the Group (see section 4.6.3.2 *"Credit Valuation Adjustment"*).

Positions taken to hedge the volatility of the CVA (credit, interest rate or equity instruments) are monitored through:

- sensitivity limits;
- stress test limits: scenarios representative of the market risks impacting the CVA (credit spreads, interest rates, exchange rates and equity) are applied to carry out the stress test on CVA.

The different indicators and the stress tests are monitored on the net amount (the sum of the CVA exposure and of their hedges).

4.6.1.5 Risk on central counterparties

Clearing of transactions is a common market practice for SG, notably in compliance with the EMIR (European Market Infrastructure Regulation) regulations in Europe and the DFA (Dodd-Frank Act) in the United States, which require that the most standardised over-the-counter transactions be compensated *via* clearing houses approved by the authorities and subject to prudential regulation.

As a member of the clearing houses with which it operates, the Group contributes to their risk management framework through deposits into the defaults funds, in addition to margin calls.

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is subject to a specific framework on:

- initial margins, both for house and client activities (client clearing);
- the Group's contributions to the CCP default funds (guarantee deposits);
- a stress test defined to capture the impact of a scenario where a major CCP member should default. ▲

See table "EAD and RWA on central counterparties" of section 4.6.3.4 *"Quantitative Information"* for more information.

4.6.2 MITIGATION OF COUNTERPARTY CREDIT RISK ON MARKET TRANSACTIONS

Audited I The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions and Securities Financing Transactions (SFT);
- the collateralisation of market operations, either through clearing houses for eligible products (listed products and certain of the more standardised OTC products), or through a bilateral margin call exchange mechanism which covers both current exposure (variation margins) but also future exposure (initial margins).

4.6.2.1 Close-out netting agreements

Societe Generale's standard policy is to conclude master agreements including provisions for close-out netting.

These provisions allow on the one hand the immediate termination (close out) of all transactions governed by these agreements when one of the parties defaults, and on the other hand the settlement of a net amount corresponding to the total value of the portfolio, after netting of mutual debts and claims. This balance may be the subject of a guarantee or collateralisation. It results in a single net claim owed by or to the counterparty.

In order to reduce the legal risk associated with documentation and to comply with key international standards, the Group documents these agreements under the main international standards as published by national or international professional associations such as International Swaps and Derivatives Association (ISDA), International Capital Market Association (ICMA), International Securities Lending Association (ISLA), French Banking Federation (FBF), etc.

These contracts establish a set of contractual terms generally recognised as standard and give way to the modification or addition of more specific provisions between the parties in the final contract, for example regarding the triggering events. This standardisation reduces implementation times and secures operations. The clauses negotiated by clients outside the bank's standards are approved by the decision-making bodies in charge of the master agreements standards – Normative Committee and/or Arbitration Committee – made up of representatives of the Risk Division, the Business Units, the Legal Division and other decision-making departments of the bank. In accordance with regulatory requirements, the clauses authorising global close-out netting and collateralisation are analysed by the bank's legal departments to ensure that they are enforceable under the legal provisions applicable to clients.

4.6.1.2 Collateralisation

Most of over-the-counter transactions are collateralised. There are two types of collateral exchanges:

- initial margin (IM) or Independent Amount (IA[1]): an initial amount of collateral aiming at covering potential future exposure, *i.e.* the unfavourable change in the Mark-to-Market of positions in the time period between the last collection of margins and the liquidation of positions following the counterparty default;
- variation margin (VM): collateral collected to cover current exposure arising from Mark-to-Market changes, used as an approximation of the actual loss resulting from the default of one of the counterparties.

All aspects of the margining regime are defined in collateral arrangements, such as credit support annexes (CSA[2]). The main features defined are:

- the scope covered (*i.e.* the nature of transactions allowed);
- the eligible collateral and the applicable haircut: main types of collateral exchanged are cash or high-quality and liquid assets according to the Group's policy, and are subject to a haircut, which is the valuation percentage applicable to each type of collateral, based on liquidity and price volatility of the underlying during both normal and stressed market conditions;
- the timing and frequency of the calculation of the margin call and exchanges, usually daily;
- the margin call thresholds if not under regulatory obligation;
- the Minimum Transfer Amount (MTA).

In addition, specific parameters or optional features can be defined depending on the type of counterparty/transaction, such as an additional guarantee amount (flat-rate increase of the exposure allowing the party making a margin call to be "over-collateralised"), or rating-dependent clauses, typically mutual in nature, where additional collateral is requested in case of a party's rating downgrade.

The Group monitors given and received collateral exchanges. In case of discrepancies between the parties with respect to margin call amounts, dedicated teams from the Operations and the Risk Departments are in charge of analysing the impacted transactions to ensure they are correctly valued and of addressing the issue.

BILATERAL COLLATERAL EXCHANGE

The initial margin, historically very rare except with hedge funds, was generalised by EMIR and DFA regulations which introduced the mandatory use of master agreements and related CSA, prior to or when entering into an uncleared OTC derivatives transactions. It is now mandatory for the Group to exchange IM and VM for non-cleared OTC derivatives transactions with a large number of its counterparties (its financial counterparties and some non-financial counterparties above certain thresholds defined by the regulation, with compliance dates depending on the volume of transactions).

The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties subject to mandatory bilateral collateral exchange requirements to waive these rules in certain circumstances. The Group has incorporated a waiver application process for intra-group entities into its risk management policies. The eligibility criteria for this waiver are framed and monitored as required by the Delegated Regulation.

CLEARING HOUSES

EMIR and DFA regulations have also required that the most standard over-the-counter derivatives transactions be compensated through clearing houses. The Group thus compensates its own operations (principal activity), but also client clearing activities (agency-type activity), which are subject to systematic margin calls to mitigate counterparty credit risk (customers posting daily variation margins and initial margins to Societe Generale, in order to cover current exposure and future exposure). ▲

OTHER MEASURES

In addition to margin requirements for some counterparties or mandatory clearing for the most standardised derivatives transactions, DFA and EMIR provide for an extensive framework for the regulation and transparency of OTC derivatives markets, such as reporting of OTC derivatives, timely confirmation or trade acknowledgement.

(1) IA (Independent Amount) is the same concept as initial margin, but applies to different perimeters (OTC swaps not cleared for IA).
(2) The Credit Support Annex (CSA) is a legal document under ISDA contract that regulates the management of collateral between two counterparties.

4.6.3 COUNTERPARTY CREDIT RISK MEASURES

4.6.3.1 Replacement risk

Audited I The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. As the value of the exposure to a counterparty is uncertain and variable over time, we estimate the potential future replacement costs over the lifetime of the transactions. ▲

PRINCIPLES OF THE MODEL

The future fair value of market transactions with each counterparty is estimated from Monte Carlo models based on a historical analysis of market risk factors.

The principle of the model is to represent the possible future financial markets conditions by simulating the evolutions of the main risk factors to which the institution's portfolio is sensitive. For these simulations, the model uses different diffusion models to account for the characteristics inherent in the risk factors considered and uses a 10-year history for calibration.

The transactions with the various counterparties are then revalued according to these different scenarios at the different future dates until the maturity of the transactions, taking into account the terms and conditions defined in the contractual legal framework agreed and the credit mitigants, notably in terms of netting and collateralisation only to the extent we believe that the credit mitigants provisions are legally valid and enforceable.

The distribution of the counterparty exposures thus obtained allows the calculation of regulatory capital for counterparty credit risk and the economic monitoring of positions.

The Risk Department responsible for Model Risk Management at Group level, assesses the theoretical robustness (review of the design and development quality), the compliance of the implementation, the suitability of the use of the model and continuous monitoring of the relevance of the model over time. This independent review process ends with (i) a report that describes the scope of the review, the tests carried out, the results of the review, the conclusions or recommendations and (ii) review and approval Committees. This model review process gives rise to (i) recurring reports to the Risk Management Department within the framework of various Committees and processes (Group Model Risk Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and (ii) a yearly report to the Board of Directors (CORISQ).

REGULATORY INDICATOR

Audited I With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale Group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives[1] and the general financial security-based method for securities financing transactions (SFT[2]).

The effects of compensation agreements and collateralisation are taken into account either by their simulation in the internal model when such credit risk mitigant or guarantees meet regulatory criteria, or by applying the rules as defined in the market-price valuation method or the financial security-based method, by subtracting the value of the collateral.

These exposures are then weighted by rates resulting from the credit quality of the counterparty to compute the Risk Weighted Assets (RWA). These rates can be determined by the standard approach or the advanced approach (IRBA).

As a general rule, when EAD is modelled in EEPE and weighted according to IRB approach, there is no adjustment of the LGD according to the collateral received as it is already taken into account in the EEPE calculation. ▲

The RWA breakdown for each approach is available in the "Analysis of Counterparty Credit Risk Exposure by Approach" table in Section 4.6.3.4 *"Quantitative Information"*.

ECONOMIC INDICATOR

For the economic monitoring of positions, Societe Generale relies mainly on a maximum exposure indicator determined from the Monte Carlo simulation, called internally Credit Value-at-Risk (CVaR) or PFE (Potential Future Exposure). This is the maximum amount of loss that could occur after eliminating 1% of the most adverse occurrences. This indicator is calculated at different future dates, which are then aggregated into segments, each of them being framed by limits.

The Group has also developed a set of stress test scenarios to determine the exposure that would result from changes in the fair value of transactions with all its counterparties in the event of an extreme shock affecting the market parameters.

4.6.3.2 Credit Valuation Adjustment

MAIN PRINCIPLES

The CVA (Credit Valuation Adjustment) is an adjustment to marked-to-market of the derivatives and repos portfolio to take into account the credit quality of each counterparty facing the Group in the valuation. This adjustment is equivalent to the counterparty credit risk hedging cost usually based on in the Credit Default Swap (CDS) market.

For a specific counterparty, the CVA is determined on the basis of:

- the positive expected exposure to the counterparty, which is the average of the positive hypothetical future exposure values for a transaction, or a group of transactions, weighted by the probability that a default event will occur. It is mainly determined using risk neutral Monte Carlo simulations of risk factors that may affect the valuation of the derivatives transactions. The transactions are revalued through time according to the different scenarios, taking into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralisation (*i.e.* that transactions with appropriate credit mitigants will generate lower expected exposure compared to transactions without credit mitigants);

(1) In this method, the EAD (Exposure At Default) relating to the Bank's counterparty credit risk is determined by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on factor.
(2) Securities Financing Transactions.

- the probability of default of the counterparty, which is linked to the level of CDS spreads;
- the amount of losses in the event of default (LGD – Loss Given Default taking into account the recovery rate).

The Group calculates this adjustment for all counterparties which are not subject to a daily margin call or for which collateral only partially covers the exposure.

CAPITAL REQUIREMENT FOR CVA RISK

The financial institutions are subject to the calculation of a capital requirement under the CVA, to cover its variation over ten days. The scope of counterparties is reduced to financial counterparties as defined in EMIR (European Market Infrastructure Regulation) or to certain Corporates that may use derivatives beyond certain thresholds and for purposes other than hedging.

The CVA charge is determined by the Group mainly using the advanced method:

- the positive expected exposure to the counterparty is mainly determined using the internal model described in section 4.6.3.1, which estimates the future exposure profiles to a counterparty, taking into account counterparty credit risk mitigants;
- the VaR and the Stressed VaR on CVA are determined using a similar methodology to the one developed for the calculation of the market VaR (see market risk chapter). This method consists of an "historical" simulation of the change in the CVA due to fluctuations in the credit spreads observed on the counterparties in portfolio, with a confidence interval of 99%. The calculation is made on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to the period of greatest tension in terms of credit spreads (stressed VaR on CVA);
- the capital charge is the sum of two elements: VaR on CVA and Stressed VaR on CVA multiplied by a coefficient set by the regulator, specific to each bank.

The positions not taken into account in the advanced method are subject to a capital charge determined through the standard method by applying a normative weighting factor to the product of the EAD (Exposure At Default) by a maturity calculated according to the rules defined by the CRR (Capital Requirement Regulation); see the "Transactions subject to own funds requirements for CVA risk" table in Section 4.6.3.4 *"Quantitative Information"* for the breakdown of CVA-related RWA between advanced and standard methods.

CVA RISK MANAGEMENT

The management of this exposure and of this regulatory capital charge led the Bank to purchase hedging instruments such as Credit Default Swap (CDS) from large credit institutions on certain identified counterparties or on indices composed of identifiable counterparties. In addition to reducing credit risk, it decreases the variability of the CVA and the associated capital amounts resulting from fluctuations in counterparty credit spreads.

The CVA desk (or the Societe Generale Group) also handles instruments for hedging interest rate or foreign exchange risks, which helps to limit the variability of the CVA's share from positive exposure.

4.6.3.3 Unfavorable correlation risk (wrong-way risk)

Wrong-way risk is the risk of the Group's exposure to a counterparty increasing significantly, combined with a simultaneous increase in the probability of the counterparty defaulting.

There are two different cases:

- general wrong-way risk arises when the likelihood of default by counterparties is positively correlated with general market risk factors;
- specific wrong-way risk arises when future exposure to a specific counterparty is positively correlated with the counterparty's probability of default due to the nature of the transaction with the counterparty.

Specific wrong-way risk, in the case of a legal link between the counterparty and the underlying of a transaction concluded with the counterparty, is subject to dedicated regulatory capital requirements, calculated on the perimeter of transactions carrying such risk. Furthermore, for counterparties subject to such a specific risk, the Potential Future Exposure (PFE) is also increased, so that the transactions allowed by the limits in place will be more constrained than in the absence of specific risk.

The general wrong-way risk is controlled *via* a set of stress tests applied to transactions made with a given counterparty, based on scenarios common with the market stress tests. This set-up is based on:

- a quarterly analysis of stress tests on all counterparties (financial institutions, corporates, sovereigns, hedge funds and proprietary trading groups) for principal and agency (client clearing) businesses, allowing to understand the most adverse scenarios related to a joint deterioration in the quality of counterparties and the associated positions;
- a weekly monitoring of dedicated single-factor stress tests for hedge fund counterparties and Proprietary Trading Groups, subject to limits at the counterparty level.

4.6.3.4 Quantitative Information

TABLE 26: COUNTERPARTY CREDIT RISK EXPOSURE, EAD AND RWA BY EXPOSURE CLASS AND APPROACH

Counterparty credit risk is broken down as follows:

	31.12.2022								
(In EURm)	IRB			Standard			Total		
Exposure classes	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	44,698	44,696	235	2,551	2,551	33	47,249	47,247	267
Institutions	18,979	18,994	3,574	31,948	32,019	613	50,927	51,013	4,187
Corporates	55,555	55,543	13,027	2,972	2,901	2,808	58,527	58,444	15,835
Retail	68	68	7	21	21	14	89	89	21
Other	426	426	134	5,573	5,571	1,054	5,999	5,997	1,188
TOTAL	**119,726**	**119,726**	**16,976**	**43,065**	**43,063**	**4,521**	**162,791**	**162,789**	**21,498**

	31.12.2021								
(In EURm)	IRB			Standard			Total		
Exposure classes	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**
Sovereign	24,471	24,511	395	177	177	4	24,648	24,688	399
Institutions	16,653	16,727	3,664	38,068	38,363	960	54,721	55,090	4,624
Corporates	56,698	56,583	14,554	4,441	4,147	4,051	61,139	60,730	18,605
Retail	83	83	8	23	23	14	106	106	21
Other	7	7	2	4,295	4,295	1,022	4,302	4,302	1,023
TOTAL	**97,912**	**97,912**	**18,622**	**47,004**	**47,004**	**6,051**	**144,916**	**144,916**	**24,673**

The tables above feature amounts excluding the CVA (Credit Valuation Adjustment) which represents EUR 2.8 billion of risk-weighted assets (RWA) at 31 December 2022 (*vs*. EUR 2.8 billion at 31 December 2021).

TABLE 27: ANALYSIS OF COUNTERPARTY CREDIT RISK EXPOSURE BY APPROACH

	31.12.2022							
(In EURm)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
Original Exposure Method (for derivatives)	-	-		1	-	-	-	-
Simplified SA-CCR (for derivatives)	-	-		1	-	-	-	-
SA-CCR (for derivatives)	1,938	35,665		1	92,752	52,644	52,645	6,649
IMM (for derivatives and SFTs)			38,283	2	444,207	63,311	63,348	12,381
of which securities financing transactions netting sets			*18,727*		*370,235*	*29,089*	*29,089*	*2,137*
of which derivatives and long settlement transactions netting sets			*19,493*		*72,565*	*34,113*	*34,151*	*10,239*
of which from contractual cross-product netting sets			*62*		*1,407*	*109*	*109*	*5*
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					23,324	11,291	11,291	1,050
VaR for SFTs					-	-	-	-
TOTAL					**560,282**	**127,246**	**127,284**	**20,080**

	31.12.2021							
(In EURm)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
Original Exposure Method (for derivatives)	-	-		1	-	-	-	-
Simplified SA-CCR (for derivatives)	-	-		1	-	-	-	-
SA-CCR (for derivatives)	2,027	20,727		1	67,282	31,808	31,794	9,304
IMM (for derivatives and SFTs)			35,417	2	472,121	62,416	62,322	13,088
of which securities financing transactions netting sets			*16,892*		*395,150*	*28,067*	*28,067*	*2,142*
of which derivatives and long settlement transactions netting sets			*18,453*		*76,847*	*34,217*	*34,123*	*10,946*
of which from contractual cross-product netting sets			*71*		*124*	*132*	*132*	*-*
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					27,145	11,245	11,245	994
VaR for SFTs					-	-	-	-
TOTAL					**566,548**	**105,470**	**105,361**	**23,385**

TABLE 28: EXPOSURES TO CENTRAL COUNTERPARTIES

	31.12.2022		31.12.2021	
(In EURm)	Exposure value	RWA	Exposure value	RWA
Exposures to QCCPs (total)		**918**		**1,273**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	7,443	149	7,083	142
(i) OTC derivatives	2,190	44	759	15
(ii) Exchange-traded derivatives	4,025	81	5,866	117
(iii) SFTs	1,022	20	457	9
(iv) Netting sets where cross-product netting has been approved	206	4	-	-
Segregated initial margin	18,063		22,466	
Non-segregated initial margin	4,002	80	5,555	111
Pre-funded default fund contributions	3,199	688	3,992	1,020
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which:	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) SFTs	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

TABLE 29: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

	31.12.2022		31.12.2021	
(In EURm)	Exposure value	RWA	Exposure value	RWA
Total transactions subject to the Advanced Method	36,947	2,222	33,066	2,218
(i) VaR component (including the 3×multiplier)		329		193
(ii) Stressed VaR component (including the 3×multiplier)		1,893		2,025
Transactions subject to the Standardised Method	8,665	582	6,812	589
Transactions subject to the Alternative approach (based on Original Exposure Method)	-	-	-	-
Total transactions subject to own funds requirements for CVA risk	**45,612**	**2,805**	**39,878**	**2,807**

4.7 MARKET RISK

Audited I Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets. ▲

4.7.1 ORGANISATION OF MARKET RISK MANAGEMENT

Main functions

Audited I Although primary responsibility for managing risk exposure relies on the front office managers, the supervision system comes under the Market Risk Department of the Risk Department, which is independent from the businesses.

The main missions of this department are:

- the definition and proposal of the Group's market risk appetite;
- the proposal of appropriate market risk limits by Group activity to the Group Risk Committee (CORISQ);
- the assessment of the limit requests submitted by the different businesses within the framework of the overall limits authorised by the Board of Directors and General Management, and based on the use of these limits;
- the permanent verification of the existence of an effective market risk monitoring framework based on suitable limits;
- the definition of the indicators used to monitor market risk;
- the daily calculation and certification of the market risk indicators, of the P&L resulting from market activities, based on formal and secure procedures, and then of the reporting and the analysis of these indicators;
- the daily monitoring of the limits set for each activity.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department. ▲

This department contributes to the detection of possible rogue trading operations through a monitoring mechanism based on alert levels (on gross nominal value of positions for example) applied to all instruments and desks.

Governance

Market risks oversight is provided by various Committees at different levels of the Group:

- the Risk Committee of the Board of Directors[1] is informed of the Group's major market risks; in addition, it issues a recommendation on the most substantial proposed changes in terms of market risk measurement and framework (after prior approval by the CORISQ); this recommendation is then referred to the Board of Directors for a decision;
- the Group Risk Committee[2] (CORISQ), chaired by the Chief Executive Officer of the Group (DGLE), is regularly informed of Group-level market risks. Moreover, upon a proposal from the Risk Department, it validates the main choices with regard to market risk measurement, as well as the key developments on the architecture and implementation of the market risk framework at Group level. The global market risk limits with a Board or DGLE delegation level are reviewed in CORISQ at least twice a year;
- the market risks related to the Global Markets Division are reviewed during the Market Risk Committee[3] (MRC) led by the Market Risk Department and co-chaired by the Risk Department and by the Global Markets Division. This Committee provides information on risk levels for the main risk indicators as well as for some specific activities pointed out depending on market or business driven events. It also provides an opinion on the market risk framework changes falling under the remit of the Risk Department and Global Markets Division. Thus, the global market risk limits with a MARK/DIR – RISQ/DIR delegation level are reviewed in MRC at least twice a year.

During these Committees, the market activities P&L and several metrics for monitoring market risks are reported:

- stress test measurements: Global Stress Test on market activities and Market Stress Test;
- regulatory metrics: Value-at-Risk (VAR) and Stressed Value-at-Risk (SVAR).

In addition to these Committees, detailed and summary market risk reports, produced on a daily, weekly, monthly or quarterly basis, either related to various Group levels or geographic areas, are sent to the relevant business line and risk function managers.

In terms of governance, within the Market Risk Department, the main functional and transversal subjects are dealt with during Committees organised by value chains (market risk, P&L, etc.). These Committees are decision-making bodies, composed of senior representatives from each relevant Department teams and regions.

(1) The Risk Committee met 10 times in 2022, covering topics related to market activities.
(2) Seven CORISQ meetings dedicated to market activities took place in 2022.
(3) The Market Risk Committee met 11 times in 2022.

4.7.2 MARKET RISK MONITORING PROCESS

Market risk appetite

Audited I The business development strategy of the Group for market activities is primarily focused on meeting clients' needs, with a comprehensive range of products and solutions. The risk resulting from these market activities is strictly managed through a set of limits for several indicators:

- the Value-at-Risks (VaR) and stressed Value-at-Risks (sVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historic or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;
- sensitivity and nominal indicators used to manage the size of positions:
  - sensitivities are used to monitor the risk incurred locally on a given type of position (*e.g.* sensitivity of an option to changes in the underlying asset),
  - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc. ▲

The Market Risk Department is responsible for the assessment and validation of the limit requests submitted by the different business lines. These limits ensure that the Group complies with the market risk appetite approved by the Board of Directors.

Determining and monitoring limits

The choice and calibration of these limits ensure the operational transposition of the Group's market risk appetite through its organisation:

- these limits are allocated at various levels of the Group's structure and/or by risk factor;
- their calibration is determined using a detailed analysis of the risks related to the portfolio managed. This analysis may include various elements such as market conditions, specifically liquidity, position maneuverability, risk/rewards analysis, ESG criteria, etc.;
- regular reviews make it possible to manage risks according to the prevailing market conditions;
- specific limits, or even bans, may be put in place to manage risks for which the Group has little or no risk appetite.

The desk mandates and Group policies stipulate that the traders must have a sound and prudent management of positions and must respect the defined frameworks. The allowed transactions, as well as risk hedging strategies, are also described in the desk mandates. The limits set for each activity are monitored daily by the Market Risk Department. This continuous monitoring of the market risk profile is the object of regular discussions between the risk and business teams, further to which various risk hedging or mitigation initiatives may be taken by the front office in order to remain within the defined limits. In the event of a breach of the risk framework, and in compliance with the limits follow-up procedure, the front office must detail the reasons, and take the necessary measures to return within the defined framework, or otherwise request a temporary or permanent increase of limit if the client's request and if market conditions justify such a course of action.

In addition to the governance structure in place between the various departments of the Risk function and business lines, the monitoring of limits usage, due to the products/solutions provided to clients and the market-making activities, also contributes to ensuring that market risk to which the Group is exposed are properly managed and understood.

4.7.3 MAIN MARKET RISK MEASURES

Stress test assessment

Audited I Societe Generale monitors its exposure using stress test simulations to take into account exceptional market disruptions.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected.

Two major metrics are defined and used:

- the Global Stress Test on market activities, which estimates the losses linked to market risks, market/counterparty cross-risk, and dislocation and carry risk on exotic activities, that could arise simultaneously in the event of a severe but plausible systemic crisis. This stress test is modeled on five scenarios;
- the Market Stress Test, which focuses solely on market risks, applying the same scenarios as the Global Stress Test and additional scenarios corresponding to different market conditions.

The various scenarios for those stress tests are reviewed by the Risk Division on a regular basis. These reviews are presented during dedicated biannual Committees, chaired by the Market Risk Department and attended by economists and representatives of Societe Generale's trading activities. These Committees cover the following topics: changes in scenarios (introduction, removal, shock review), appropriate coverage of the risk factors by the scenarios, review of the approximations made in terms of calculation, correct documentation of the whole process. The delegation level needed to validate the changes in stress test methodology depends on the impact of the change in question.

The Global Stress Test on market activities limits and the Market Stress Test limits play a central role in the definition and the calibration of the Group's appetite for market risk: these indicators cover all activities and the main market risk factors and associated risks associated with a severe market crisis, this allows both to limit the overall amount of risk and to take into account any diversification effects.

This framework is complemented by stress-testing frameworks on four risk factors on which the Group has significant exposures, in order to reduce the overall risk appetite: equities, interest rates, credit spread and emerging markets.

GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

Market risk component

It corresponds to:

- the results of the Market Stress Test[1] restricted to scenarios that could cause dislocation effects on market positions and default by weak counterparties. These scenarios all simulate a sharp fall in the equity markets and a widening in credit spreads which could trigger dislocation effects. Following the last review of the scenarios at the end of 2020, it was decided to use for the calculation of the stress test three theoretical scenarios (generalised (*i.e.* financial crisis scenario), eurozone crisis, general decline in risk assets) and two historical scenarios focusing respectively on the period of early October 2008 and early March 2020;
- the impact of the stress test scenario on CVA (Credit Value Adjustment) and FVA (Funding Value Adjustment) reserves, as their variations affect trading results.

Dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

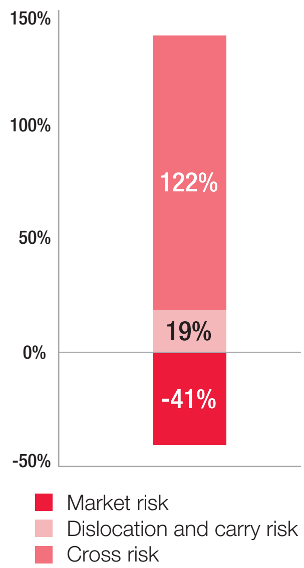
Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Four measurements are used:

- **the collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- **the adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies three pairs of stress scenarios to all market transactions generating replacement regarding this type of counterparty. Each set of scenarios consists of a short-term scenario (scenario derived from the Market Stress Test) applied to positions with margin calls, and a long-term scenario (whose shocks are generally more severe) for positions without margin calls. Stressed current exposures are weighted by the probability of default of each counterparty and by the loss given default (LGD), then aggregated;
- **the adverse stress test on products whose underlying is a hedge fund:** this type of underlying poses a risk of illiquidity in the event of a crisis, the purpose of this stress test is to estimate the corresponding potential loss on transactions with this type of underlying and presenting a "gap risk";
- **the Clearing House (CCP) Member stress test:** it estimates the potential loss in the event of a default of a CCP member of which Societe Generale is also a member. ▲

AVERAGE CONTRIBUTION OF THE COMPONENTS IN 2022 GLOBAL STRESS TEST ON MARKET ACTIVITIES



(1) Measurement of the impact in the Net Banking Product in case of shocks to all risk factors (refer to description below).

MARKET STRESS TEST

Audited I This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 11 scenarios[1] (four historical and seven hypothetical). The main principles are as follows:

- the scenario considered in the market stress test is the worst of the different scenarios defined;
- the shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
- risks are calculated every day for each of the Bank's market activities (all products together), using each of the historical and hypothetical scenarios.

Historical scenarios

This method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, two new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). Societe Generale is currently using four historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (*e.g.* European crisis, a drop in assets, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined seven hypothetical scenarios. ▲

Regulatory indicators

99% VALUE-AT-RISK (VAR)

Methodology

Audited I The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The Value-at-Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (*i.e.* interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period; these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases this calculation involves a full repricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

Main risk factors	Description
Interest rates	Risk resulting from changes in interest rates and their volatility on the value of a financial instrument sensitive to interest rates, such as bonds, interest rate swaps, etc.
Share prices	Risk resulting from variations in prices and volatility of shares and equity indices, in the level of dividends, etc.
Exchange rates	Risk resulting from the variation of exchange rates between currencies and of their volatility.
Commodity prices	Risk resulting from changes in prices and volatility of commodities and commodity indices.
Credit Spreads	Risk resulting from an improvement or a deterioration in the credit quality of an issuer on the value of a financial instrument sensitive to this risk factor such as bonds, credit derivatives (credit default swaps for example).

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the weighted average[2] of the second and third largest losses computed, without applying any weighting to the other scenarios.

(1) Including the scenarios used in the global stress tests on market activities.
(2) 39% of the second-highest risk and 61% of the third-highest risk.

The day-to-day follow-up of market risk is performed *via* the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of ten. This methodology complies with regulatory requirements and has been reviewed and validated by the regulator.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limitations of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intraday fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department monitors the limitations of the VaR model by measuring the impacts of integrating a risk factor absent from the model (RNIME[1] process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also allow to control the limitations of the model.

The same model is used for the VaR computation for almost all of Global Banking & Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests, and capital charges are calculated using the standard method or through alternative in-house methods. For example, the currency risk of positions in the banking book is not calculated with an internal model because this risk is not subject to a daily revaluation and therefore cannot be taken into account in a VaR calculation.

Backtesting

The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as second line of defence, also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to reporting to the appropriate authorities.

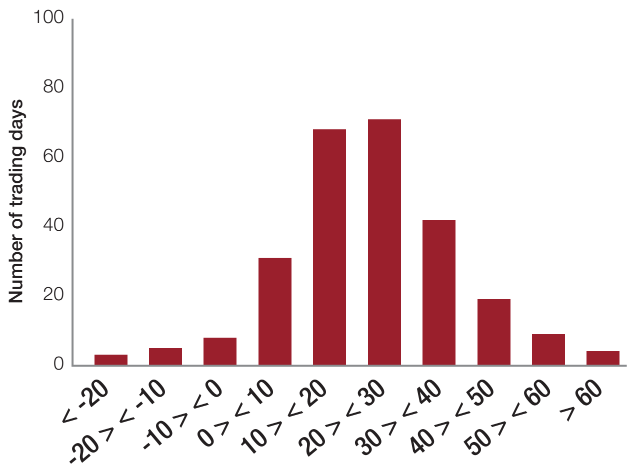
In compliance with regulations, backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

- in the first case (backtesting against "actual P&L"), the daily P&L[2] includes the change in book value, the impact of new transactions and of transactions modified during the day (including their sales margins) as well as provisions and values adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L[3] includes only the change in book value related to changes in market parameters and excludes all other factors. ▲

In 2022, we observed:

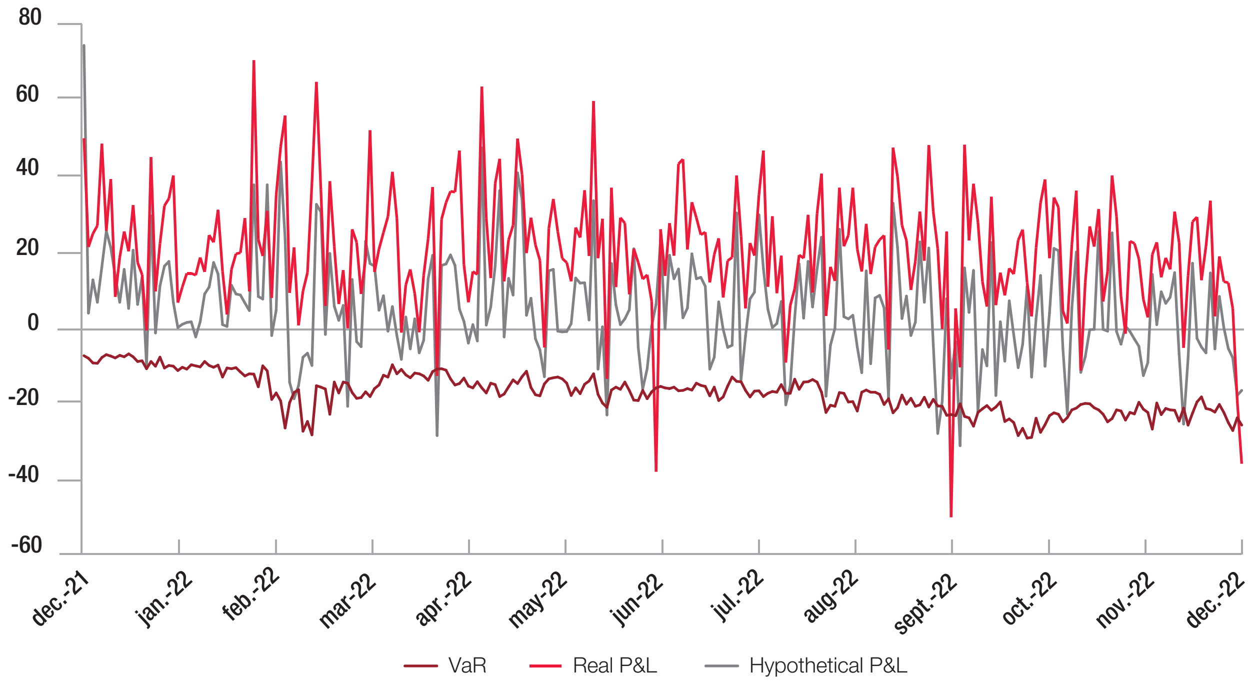
- four VaR backtesting, against actual P&L breaches (two in Q2, one in Q3 and one in Q4);
- eight VaR backtesting breaches, against hypothetical P&L (two breaches each quarter).

BREAKDOWN OF THE DAILY P&L OF MARKET[4] ACTIVITIES (2022, IN EURM)



(1) *Risk Not In Model Engine.*
(2) *"Actual P&L" by agreement hereinafter.*
(3) *"Hypothetical P&L" by agreement hereinafter.*
(4) *Actual P&L*

TRADING VAR (ONE-DAY, 99%), DAILY ACTUAL[1] P&L AND DAILY HYPOTHETICAL[2] P&L OF THE TRADING PORTFOLIO (2022, IN EURM)



VaR Changes

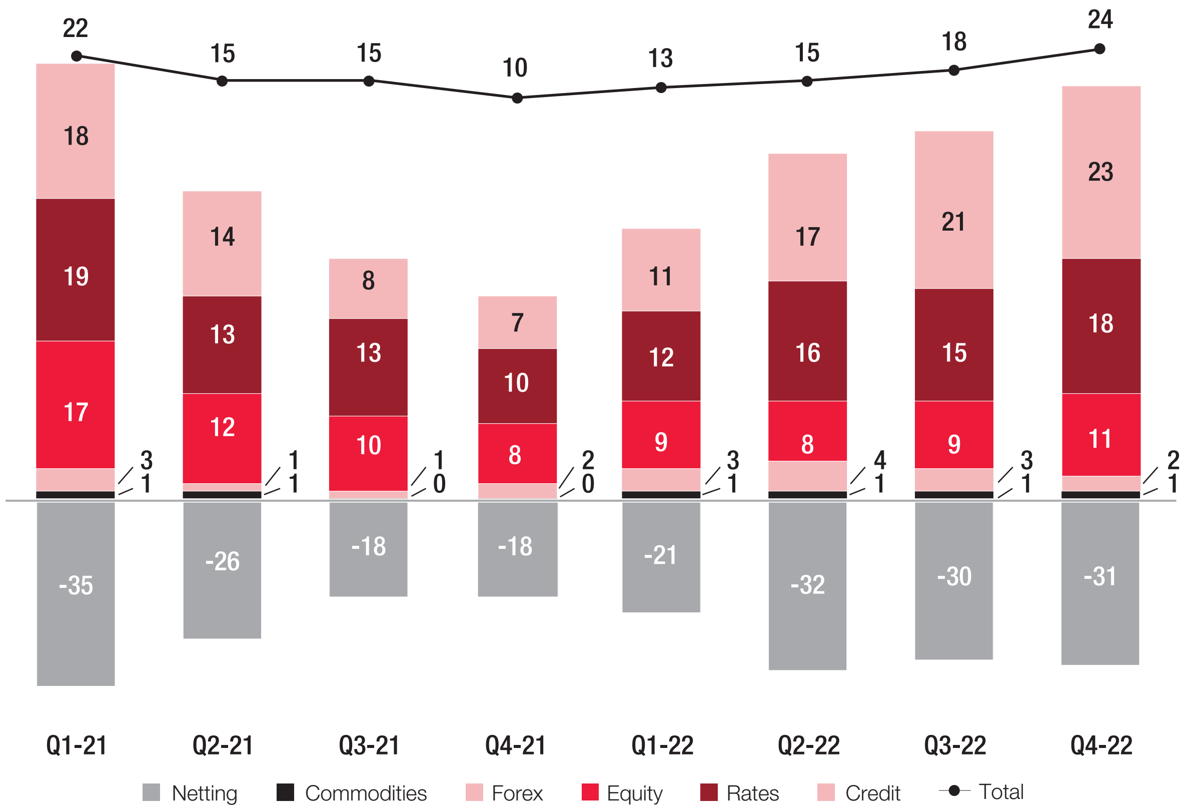
TABLE 30: REGULATORY TEN-DAY 99% VAR AND ONE-DAY 99% VAR

	31.12.2022		31.12.2021	
(In EURm)	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]	VaR (10 days, 99%)[1]	VaR (1 day, 99%)[1]
Period start	25	8	75	24
Maximum value	95	30	98	31
Average value	56	18	49	15
Minimum value	22	7	18	6
Period end	75	24	25	8

(1) Over the scope for which capital requirements are assessed by the internal model.

(1) Daily result used for backtesting the VaR against the effective value of the portfolio as defined in the paragraph “Value-at-Risk 99% (VaR)”.
(2) Daily result used for backtesting the VaR against the hypothetical value of the portfolio as defined in the paragraph “Value-at-Risk 99% (VaR)”.

AUDITED I BREAKDOWN BY RISK FACTOR OF TRADING VAR (ONE-DAY, 99%) – CHANGES IN QUARTERLY AVERAGE OVER THE 2021-2022 PERIOD (IN EURM)



Audited I The VaR was riskier in 2022 (EUR 18 million *versus* EUR 15 million in 2021 on average), mainly due to the entry of new and more volatile scenarios following the deterioration of market conditions related to the war in Ukraine. The increase in risk is particularly evident in the Rates and Credit activities. ▲

STRESSED VAR (SVAR)

Audited I The Internal Stressed VaR model (SVaR) was introduced at the end of 2011 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The calculation method used for the 99% one-day SVaR is the same as as the one for the VaR. It consists in carrying out a historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

Following a validation of the ECB obtained at the end of 2021, a new method for determining the fixed historical stress window is used. It consists in calculating an approximate SVaR for various risk factors selected as representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): these historical shocks are weighted according to the portfolio's sensitivity to each of these risk factors and aggregated to determine the period of highest stress for the entire portfolio[(1)]. The historical window used is reviewed annually. In 2022, this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

As for the VaR, the Market Risk Department controls the limitations of the SVaR model by measuring the impact of integrating a risk factor absent from the model (RNIME process). Depending on the materiality of these missing factors, they may be capitalised. Other complementary measures also control the limitations of the model. The continuous backtesting performed on VaR model cannot be replicated to the SVaR model as, by definition, it is not sensitive to the current market conditions. However, as the VaR and the SVaR models rely on the same approach, they have the same advantages and limitations.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as second line of defence. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

SVaR decreased slightly on average in 2022 (EUR 32 million *versus* EUR 37 million in 2021 on average). Without any particular trend over the year, the SVaR has evolved at levels similar to those of 2021 and with comparable variability. The level of the SVaR remains explained by the indexing and financing action activities, and by the interest rate scopes, while the exotic scopes partially offset the risk. ▲

(1) At the request of the ECB, a posteriori check is carried out to verify the relevance of this historical window by making calculations for full revaluation.

TABLE 31: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR

	31.12.2022		31.12.2021	
(In EURm)	Stressed VaR (10 days, 99%)[1]	Stressed VaR (1 day, 99%)[1]	Stressed VaR (10 days, 99%)[1]	Stressed VaR (1 day, 99%)[1]
Period start	96	30	135	43
Maximum value	165	52	191	60
Average value	101	32	117	37
Minimum value	55	17	72	23
Period end	145	46	108	34

(1) Over the scope for which capital requirements are assessed by the internal model.

IRC AND CRM

At end-2011, Societe Generale received approval from the Regulator to expand its internal market risk modeling system by including IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as for VaR. As with the VaR model, the approval of the IRC[1] model was renewed in 2020 at the Target Review of Internal Models (TRIM).

They estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. These capital charges are incremental, meaning they are added to the charges calculated based on VaR and SVaR.

In terms of scope, in compliance with regulatory requirements:

- IRC is applied to debt instruments, other than securitisations and the credit correlation portfolio. In particular, this includes bonds, CDS and related derivatives;
- CRM exclusively covers the correlation portfolio, *i.e.* CDO tranches and First-to-Default products (FtD), as well as their hedging using CDS and indices.

Societe Generale estimates these capital charges using internal models[2]. These models determine the loss that would be incurred following especially adverse scenarios in terms of rating changes or issuer defaults for the year that follows the calculation date, without ageing the positions. IRC and CRM are calculated with a confidence interval of 99.9%: they represent the highest risk of loss obtained after eliminating 0.1% of the most unfavorable scenarios simulated.

The internal IRC model simulates rating transitions (including default) for each issuer in the portfolio, over a one-year horizon[3]. Issuers are classified into five categories: US-based companies, European companies, companies from other regions, financial institutions and sovereigns. The behaviours of the issuers in each category are correlated with one other through a systemic factor specific to each category. In addition, a correlation between these five systemic factors is integrated to the model. These correlations, along with the rating transition probabilities, are calibrated from historical data observed over the course of a full economic cycle. In case of change in an issuer's rating, the decline or improvement in its financial health is modeled by a shock in its credit spread: negative if the rating improves and positive in the opposite case. The price variation associated with each IRC scenario is determined after revaluation of positions *via* a sensitivity approach, using the delta, the gamma as well as the level of loss in the event of default (Jump to Default), calculated with the market recovery rate for each position.

The CRM model simulates issuer's rating transitions in the same way as the internal IRC model. In addition, the dissemination of the following risk factors is taken into account by the model:

- credit spreads;
- basis correlations;
- recovery rate excluding default (uncertainty about the value of this rate if the issuer has not defaulted);
- recovery rate in the event of default (uncertainty about the value of this rate in case of issuer default);
- First-to-Default valuation correlation (correlation of the times of default used for the valuation of the First-to-Default basket).

These dissemination models are calibrated from historical data, over a maximum period of ten years. The price variation associated with each CRM scenario is determined thanks to a full repricing of the positions. In addition, the capital charge computed with the CRM model cannot be less than a minimum of 8% of the capital charge determined with the standard method for securitisation positions.

The internal IRC and CRM models are subject to similar governance to that of other internal models meeting the Pillar 1 regulatory requirements. More specifically, an ongoing monitoring allows to follow the adequacy of IRC and CRM models and of their calibration. This monitoring is based on the review of the modeling hypotheses at least once a year. This review includes:

- a check of the adequacy of the structure of the rating transition matrices used for IRC and CRM models;
- a backtesting of the probabilities of default used for these two models;
- a check of the adequacy of the models for the dissemination of recovery rates, spread dissemination and dissemination of basic correlations used in the CRM calculation.

(1) The CRM model was not included in the Target Review of Internal Models.

(2) The same internal model is used for all portfolios for which an IRC calculation is required. The same is true for the portfolios on which a CRM calculation is performed. Note that the scope covered with internal models (IRC and CRM) is included in the VaR scope: only entities authorised for a VaR calculation via an internal model can use an internal model for IRC and CRM calculation.

(3) The use of a constant one-year liquidity horizon means that shocks that are applied to the positions to calculate IRC and CRM, are instantaneous one-year shocks. This hypothesis appears to be the most prudent choice in terms of models and capital, rather than shorter liquidity horizons.

Regarding the checks on the accuracy of these metrics:

- the IRC calculation being based on the sensitivities of each instrument – delta, gamma – as well as on the level of loss in the event of default (Jump to Default) calculated with the market recovery rate, the accuracy of this approach is checked against a full repricing every six months;
- such a check on CRM is not necessary as its computation is performed following a full repricing;
- these metrics are compared to normative stress tests defined by the regulator. In particular, the EBA stress test and the risk appetite exercise are performed regularly on the IRC metric. These stress tests consist of applying unfavorable rating migrations to issuers, shocking credit spreads and shocking rating transition matrices. Other stress tests are also carried out on an *ad hoc* basis to justify the correlation hypotheses between issuers and those made on the rating transition matrix;
- a weekly analysis of these metrics is carried out by the production and certification team for market risk metrics;
- the methodology and its implementation have been initially validated by the French Prudential and Resolution Supervisory Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR). Thereafter, a review of the IRC and the CRM is regularly carried out by the Risk Department in charge of the validation of internal models as second line of defence. This independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

Moreover, regular operational checks are performed on the completeness of the scope's coverage as well as the quality of the data describing the positions.

TABLE 32: IRC (99.9%) AND CRM (99.9%)

(In EURm)	31.12.2022	31.12.2021
Incremental Risk Charge (99.9%)		
Period start	67	101
Maximum value	114	205
Average value	71	116
Minimum value	50	51
Period end	53	67
Comprehensive Risk Measure (99.9%)		
Period start	41	66
Maximum value	133	102
Average value	51	64
Minimum value	39	40
Period end	42	57

4.7.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Allocation of exposures in the trading book

The on- and off-balance sheet items must be allocated to one of the two portfolios defined by prudential regulations: the banking book or the trading book.

The banking book is defined by elimination: all on- and off-balance sheet items not included in the trading book are included by default in the banking book.

The trading book consists of all positions in financial instruments and commodities held by an institution either for trading purposes or in order to hedge other positions in the trading book. The trading interest is documented as part of the traders' mandates.

The prudential classification of instruments and positions is governed as follows:

- the Finance Department's prudential regulation experts are responsible for translating the regulations into procedures, together with the Risk Department for procedures related to holding period and liquidity. They also analyse specific cases and exceptions. They share these procedures to the business lines;
- the business lines comply with these procedures. In particular, they document the trading interest of the positions taken by traders;
- the Finance and Risk Departments are in charge of the control framework.

The following controls are implemented in order to ensure that activities are managed in accordance with their prudential classification:

- new product process: any new product or activity is subject to an approval process that covers its prudential classification and regulatory capital treatment for transactions subject to validation;
- holding period: the Market Risk Department has designed a control framework for the holding period of certain instruments;
- liquidity: on a case-by-case basis or on demand, the Market Risk Department performs liquidity controls based on certain criteria (negotiability/transferability, bid/ask size, market volumes, etc.);
- strict process for any change in prudential classification, involving the business line and the Finance and Risk Divisions;
- internal audit: through its various periodic assignments, Internal Audit verifies or questions the consistency of the prudential classification with policies/procedures as well as the suitability of the prudential treatment in light of existing regulations.

Quantitative information

Around 85% of Societe Generale capital requirements related to market risk are determined using an internal model approach. The standard approach is mainly used for the Collective Investment Units (CIU), for securitisation positions, but also for the positions presenting a foreign exchange risk, which are not part of the trading book, as well as for the Group's subsidiaries that do not have access to the core IT tools developed internally. The main entities concerned are some International Retail Banking and Financial Services entities such as SG Maroc, BRD, SG Tunisie, SG Algérie, SG Côte d'Ivoire, etc.

Capital requirements for market risk increased in 2022. This increase is reflected in the VaR and the risks calculated under the standard approach:

- The VaR gradually increased over 2022, from a historically low level at the end of 2021. This increase is reflected in all activities, notably credit and interest rates.
- Risks calculated under the standard approach are on the rise, mainly due to the currency portion. This increase is partially offset by a reduction in the securitisation positions of the trading book.

TABLE 33: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY RISK FACTOR

	Risk-weighted assets			Capital requirement		
(In EURm)	31.12.2022	31.12.2021	*Change*	31.12.2022	31.12.2021	*Change*
VaR	3,504	1,343	2,160	280	107	173
Stressed VaR	6,886	7,227	(340)	551	578	(27)
Incremental Risk Charge (IRC)	811	840	(29)	65	67	(2)
Correlation portfolio (CRM)	615	815	(200)	49	65	(16)
Total market risk assessed by internal model	**11,816**	**10,225**	**1,591**	**945**	**818**	**127**
Specific risk related to securitisation positions in the trading portfolio	150	562	(412)	12	45	(33)
Risk assessed for currency positions	987	-	987	79	-	79
Risks assessed for interest rates (excl. securitisation)	421	285	136	34	23	11
Risk assessed for ownership positions	374	572	(199)	30	46	(16)
Risk assessed for commodities	0	0	0	0	0	0
Total market risk assessed by standard approach	**1,932**	**1,419**	**513**	**155**	**114**	**41**
TOTAL	**13,747**	**11,643**	**2,104**	**1,100**	**931**	**168**

TABLE 34: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY TYPE OF RISK

	Risk-weighted assets		Capital requirement	
(In EURm)	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Risk assessed for currency positions	1,336	349	107	28
Risk assessed for credit (excl. deductions)	3,816	3,984	305	319
Risk assessed for commodities	24	39	2	3
Risk assessed for ownership positions	5,403	4,474	432	358
Risk assessed for interest rates	3,168	2,797	253	224
TOTAL	**13,747**	**11,643**	**1,100**	**931**

4.7.5 FINANCIAL INSTRUMENT VALUATION

Management risk related to the valuation of financial products relies jointly on the Markets Department and the team of valuation experts (Valuation Group) within the Finance Department that both embody the first line of defence and by the team of independent review of valuation methodologies within the Market Risk Department.

Governance

Governance on valuation topics is enforced through three valuation Committees, both attended by representatives of the Global Markets Division, the Market Risk Department and the Finance Division:

- the Valuation Risk Committee meets at least once a year to monitor and approve changes in the valuation risk management framework; monitor indicators on this risk and propose or set a risk appetite; evaluate the control system and the progress of recommendations; and finally, prioritize the tasks. This Committee is chaired by the Risk Department and organised by its independent review team of valuation methodologies;
- the Valuation Methodology Committee gathers whenever necessary, at least every quarter, to approve financial products valuation methodologies. This Committee, chaired by the Risk Department and organised by its independent review team of valuation methodologies, has global accountability with respect to the approval of the valuation policies;
- the MARK P&L Explanation Committee monthly analyses the main sources of economic P&L as well as changes in reserves and other accounting valuation adjustments. The analytical review of adjustments is carried out by the Valuation Group, which also provides a quarterly analytical review of adjustments under regulatory requirements for prudent valuation.

Lastly, a corpus of documents describes the valuation governance and specify the breakdown of responsibilities between the stakeholders.

Valuation principles and associated controls

Market products at fair value are marked to market, when such market prices exist; otherwise, they are valued using parameter-based models, in compliance with the IFRS 13 principles defining fair value.

On the one hand, each model designed by the front office is subject to independent validation by the Market Risks Department as second line of defence that especially checks the conceptual relevance of the model, its performance (especially in case of stressed conditions) and its implementation in systems. Following this review, the validation status of the model, its scope of use and the recommendations to be dealt with are formalised in a report.

On the other hand, the parameters used in the valuation models, whether they come from observable data on the markets or not, are described in marking policies[1] written by the front office and validated by the Market Risk Department. This system is complemented by specific controls carried out by LOD1 (in particular the Independent Price Verification process performed by the Finance Department).

If necessary the resulting valuations are supplemented by reserves or adjustments (mainly covering liquidity, parameter or model uncertainties) the calculation methodologies of which are developed jointly by the Valuation Group and the front office and reviewed by the Market Risk Department. These adjustments are made under fair value accounting requirements or prudent valuation regulatory requirements. The latter aim to capture valuation uncertainty in accordance with the procedures prescribed by the regulations through additional valuation adjustments in relation to the fair value (Additional Valuation Adjustments or AVA) directly deducted from Common Equity Tier 1 capital.

(1) Document describing the parameter determination methodology.

4.8 STRUCTURAL RISKS - INTEREST RATE AND EXCHANGE RATE RISKS

Audited I Structural exposure to interest rate and exchange rate risks results from commercial transactions, their associated hedging transactions and corporate centre transactions.

The interest rate and exchange rate risks linked to Trading Book activities are excluded from the structural risk measurement scope as they belong to the category of market risks.

Structural and market exposures constitute the Group's total interest rate and exchange rate exposure.

The general principle for managing structural interest rate and exchange rate risks within consolidated entities is to ensure that adverse movements in interest rates do not significantly threaten the Group's financial base or its future earnings.

Within the entities, commercial and corporate centre operations must therefore be matched in terms of interest rates and exchange rates as much as possible. At the consolidated level, a structural foreign exchange position is maintained in order to minimise the sensitivity of the Group's Common Equity Tier 1 (CET1) ratio to exchange rates fluctuations. ▲

4.8.1 ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division leads the control framework of the first line of defence. The ALM department of the Risk Department assumes the role of second line of defence supervision.

The Group Finance Committee, a General Management Body

The purpose of the Group Finance Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures proposed.

The Finance Committee gives delegation to the Global Rate Forex Committee chaired by the Finance Department and the Risk Division for the validation of frameworks not exceeding defined amounts.

The ALM Department, within the Group's Finance Department

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the modelling principles applied by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

The ALM Risk Control Department within the Risk division

Within the Risk Division, the ALM Risk Department oversees structural risks and assesses the management system for these risks. As such, this department is in charge of:

- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities and Business Units (BU) and Service Units (SU);
- defining the normative environment of the structural risk metrics, modelling and framing methods.

In addition, RISQ/MRM authorises this department to validate ALM models for which it organises and chairs the Validation Committee of Models. Finally, he chairs the Model Validation Committee and the ALM Standards Validation Committee and thus ensures that the regulatory framework is correctly interpreted and that the SG environment is properly adapted.

The entities and BU/SU are responsible for ALM risk management

Each entity, each BU/SU, manages its structural risks and is responsible for regularly assessing risks incurred, producing the risk report and developing and implementing hedging options. Each entity, each BU/SU is required to comply with Group standards and to adhere to the limits assigned to it.

As such, the entities and the BUs/SUs apply the standards defined at Group level and develop the models, with the support of the central modelling teams of the Finance Department.

A dedicated ALM manager reporting to the Finance Department in each entity, BU/SU, is responsible for monitoring these risks (first-level control). This manager is responsible for reporting ALM risks to the Group Finance Department. All entities, BU/SU, have an ALM Committee responsible for implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programmes in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees.

4.8.2 STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is generated by commercial transactions and their hedging, as well as the management operations specific to each of the consolidated entities.

The Group's objective

The objective of managing structural interest rate risk is to manage exposure of each Group entity.

To this end, the Board of Directors, the Finance Committee and the ALM Committee set sensitivity limits (in terms of value and income) for the Group, the BUs/SUs and the entities respectively.

Measuring and monitoring structural interest rate risk

Societe Generale uses several indicators to measure the Group's overall interest rate risk. The three most important indicators are:

- the sensitivity of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the sensitivity of the net present value of the static balance sheet to a change in interest rates. This measure is calculated for all currencies to which the Group is exposed;
- the sensitivity of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the sensitivity generated by future commercial production;
- the sensitivity of NPV to basis risk (risk associated with decorrelation between different variable rate indices).

Limits on these indicators are applicable to the Group, the BUs/SUs and the various entities. Limits are set for shocks at +/-0.1% and for stressed shocks (+/-1% for value sensitivity and +/-2% for income sensitivity) without floor application. Only the sensitivity of income over the first two years is framed. The measurements are computed monthly 10 months a year (with the exception of the months of January and July for which no Group-level closing is acheved). An additional synthetic measurement of value sensitivity – all currencies – is framed for the Group. To comply with these frameworks, the entities combine several possible approaches:

- strategic focus of the commercial policy so as to net interest rate positions taken on the asset and liability side;
- implementation of a swap operation or – failing this in the absence of such a market – use of a loan/borrowing operation;
- purchase/sale of options on the market to cover optional positions taken vis-à-vis our clients.

Assets and liabilities are analysed without a prior allocation of resources to uses. Maturities of outstanding amounts are determined by taking into account the contractual characteristics of the transactions, adjusted for the results of customer behaviour modelling (in particular for demand deposits, savings and early loan repayments), possibly differentiated according to the rate scenario considered, as well as a certain number of disposal agreements, in particular on equity items.

As at 31 December 2022, the main models applicable for the calculation of interest rate risk measurements are models (which are sometimes rate-dependent) on part of the deposits without a maturity date leading to an average duration of less than 5 years, with the schedule in some cases reaching the maximum maturity of 20 years.

The automatic balance sheet options are taken into account:

- either *via* the Bachelier formula or possibly from Monte-Carlo type calculations for value sensitivity calculations; or
- by taking into account the pay-offs depending on the scenario considered in the income sensitivity calculations.

Changes in OCI or P&L of instruments recognised at fair value are not included in the controlled income sensitivity measures.

Hedging transactions are mainly documented from an accounting viewpoint: this can be carried out either as micro-hedging (individual hedging of commercial transactions and hedging instruments) or as macro-hedging under the IAS 39 "carve-out" arrangement (global backing of portfolios of similar commercial transactions within a Treasury Department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks' net asset value and result sensitivity within limit frameworks, considering hypotheses applied. For macro-hedging documentation, the hedged item is an identified portion of a portfolio of commercial client or interbank operations. Conditions to respect in order to document hedging relationships are reminded in Note 3.2 to the consolidated financial statements.

Macro-hedging derivatives are allocated to separate portfolios according to whether they are used to hedge fixed-rate assets or liabilities in the accounting books. The hedging instrument portfolios allocated to liability elements are net fixed-rate receiver/variable-rate payer whereas the hedging instrument portfolios allocated to asset elements are net fixed-rate payer/variable-rate receiver.

In the context of the macro-hedging, the controls carried out and documented enable to verify that intra-group transactions are returned to the market, to verify the non-over hedging and the non-disappearence of the items hedged and the effectiveness of the hedges (MTM change in hedging instruments / MTM change in hedged items in the 80-125% range).

TABLE 35: INTEREST RATE RISK OF NON-TRADING BOOK ACTIVITIES (IRRBB1)

		31.12.2022	
(In EURm)		Changes of the economic value of equity (EVE)	Changes of the net interest income (NII)
Supervisory shock scenarios*			
1	Parallel up	(2 900)	375
2	Parallel down	1 011	(1 102)
3	Steepener	1 875	
4	Flattener	(2 547)	
5	Short rates up	(2 747)	
6	Short rates down	2 862	

		31.12.2021	
(In EURm)		Changes of the economic value of equity (EVE)	Changes of the net interest income (NII)
Supervisory shock scenarios*			
1	Parallel up	(6,784)	240
2	Parallel down	(2,683)	(219)
3	Steepener	463	
4	Flattener	(4,033)	
5	Short rates up	(3,643)	
6	Short rates down	79	

* *The above 6 shock scenarios are detailed in Appendix 3 of the EBA/GL/2018/02 regulation (refer to EBA BS 2018 XXX Proposed final revised IRRBB Guidelines.docx (europa.eu)).*

4.8.3 STRUCTURAL EXCHANGE RATE RISK

Audited I Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, i.e. in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency.

The Group's policy is to make the CET1 ratio insensitive to fluctuations in exchange rates against the euro.

As such:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;
- the foreign exchange position generated by investments in foreign holdings and branches, as well as by the conversion of their results into euros, is partially covered centrally: at the level of the Group Finance Division. Societe Generale retains a target exposure multiplied by the RWA generated in this currency in each RWA constituent currency equivalent to the level of the CET1 Target Group ratio and covers the balance by borrowings or forward foreign exchange transactions denominated in the currency of investments and recognised as investment hedging instruments (cf. Note 3.2).

For each currency, the difference between actual and target exposure is governed by limits validated by the General Management in Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of +/-10% per currency are framed. ▲

TABLE 36: SENSITIVITY OF THE GROUP'S COMMON EQUITY TIER 1 RATIO TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)

	Impact of a 10% currency depreciation on the Common Equity Tier 1 ratio		Impact of a 10% currency appreciation on the Common Equity Tier 1 ratio	
Currency	31.12.2022	31.12.2021	31.12.2022	31.12.2021
CHF	0.2	(0.1)	(0.2)	0.1
CZK	(0.4)	0.4	0.4	(0.4)
MAD	(0.2)	(0.0)	0.2	0.0
RON	0.3	0.4	(0.3)	(0.4)
RUB	0.3	0.5	(0.3)	(0.5)
TND	(0.2)	0.1	0.2	(0.1)
TRY	0.2	(0.0)	(0.2)	0.0
USD	0.6	0.8	(0.6)	(0.8)
XAF	(0.6)	0.6	0.6	(0.6)
Autres	(0.8)	0.1	0.8	(0.1)

4.9 STRUCTURAL RISK - LIQUIDITY RISK

Audited I Liquidity risk is defined as the risk that the bank does not have the necessary funds to meet its commitments. Funding risk is defined as the risk that the Group will no longer be able to finance its activities with appropriate column of assets and at a reasonable cost.

4.9.1 OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks); (ii) raise funding resources in a sustainable manner, at a competitive cost compared to peers (management of funding risks). Doing so, the liquidity and funding management ensures compliance with risk appetite and regulatory requirements

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- liquidity risk management is centralised at Group level, ensuring pooling of resources, optimisation of costs and consistent risk management. Businesses must comply with static liquidity deadlocks in normal situations, within the limits of their supervision and the operation of their activities, by carrying out operations with the “own management” entity, where appropriate, according to an internal refinancing schedule. Assets and liabilities with no contractual maturity are assigned maturities according to agreements or quantitative models proposed by the Finance Department and by the business lines and validated by the Risk Division;
- funding resources are based on business development needs and the risk appetite defined by the Board of Directors. See below the “Funding Plan” chapter in section 2;
- financing resources are diversified by currencies, investor pools, maturities and formats (vanilla issues, structured, secured notes, etc.). Most of the debt is issued by the parent company. However, Societe Generale also relies on certain subsidiaries to raise resources in foreign currencies and from pools of investors complementary to those of the parent company;
- liquid reserves are built up and maintained in such a way as to respect the stress survival horizon defined by the Board of Directors. Liquid reserves are available in the form of cash held in central banks and securities that can be liquidated quickly and housed either in the banking book, under direct or indirect management of the Group Treasury, or in the trading book within the market activities under the supervision of the Group Treasury;
- the Group has options that can be activated at any time under stress, through an Emergency Financing Plan (EFP) at Group level (except for insurance activities, which have a separate contingency plan), defining leading indicators for monitoring the evolution of the liquidity situation, operating procedures and remedial actions that can be activated in a crisis situation.

4.9.2 THE GROUP’S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Division, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities and to assess the liquidity profile under stress. Liquidity models are managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;
- yearly definition of the risk appetite for liquidity and funding risks, whereby the Board of Directors approves financial indicators framing that have been proposed by General Management. Such risk appetite targets are then cascaded down per Business Units. The risk appetite is framed along the following metrics:
  - key regulatory indicators (LCR, Adjusted LCR excess in USD, and NSFR),
  - the footprint of the Group in Short-Term Wholesale funding markets,
  - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale’s long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,

- the overall transformation position of the Group (static liquidity deadlock in normal situation matured up to a maturity of 5 years),
- the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, i.e. non-HQLA collaterals);

- the financial trajectories under baseline and stressed scenarios are determined within the framework of the funding plan to respect the risk appetite. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding programme, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- the Funds Transfer Pricing (FTP) mechanism, drawn up and maintained within the Group Treasury, provides internal refinancing schedules that enable businesses to recover their excess liquidity and finance their needs through transactions carried out with its own management;
- production and communication of periodic liquidity reports, at various frequencies (daily indicators, weekly indicators, monthly indicators), leveraging in most part on the central data repository, operated by a dedicated central production team. The net liquidity position under the combined (idiosyncratic and market/systemic) stress scenario is reassessed on a monthly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the limits and taking into account business requirements and market conditions;
- preparation of a Contingency Funding Plan, which is applicable Group-wide, and provides for: (i) a set of early warning indicators (e.g. market parameters or internal indicators); (ii) the operating model and governance to be adopted in case of an activation of a crisis management mode (and the interplay with other regimes, in particular Recovery management); (iii) the main remediation actions to be considered as part of the crisis management.

These various operational steps are part of the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Societe Generale produces for its supervisor, the ECB, a self-assessment of the liquidity risk framework in which key liquidity and funding risks are identified, quantified and analysed with both a backward and a multi-year forward-looking perspective. The adequacy self-assessment also describes qualitatively the risk management set up (methods, processes, resources, etc.), supplemented by an assessment of the adequacy of the Group's liquidity.

4.9.3 GOVERNANCE

The main liquidity risk governance bodies are as follows:

- the Board of Directors, which:
  - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
  - approves financial indicators framing including the scarce resources indicators framing,
  - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, including stressed liquidity gap metrics as evaluated through Societe Generale group models, the regulatory metrics LCR and NSFR, the pace of execution of the funding plan and the related cost of funds;
- General Management, which:
  - allocates liquidity and funding targets to the various Business Units and the Group Treasury entity, upon proposal from the Group Finance division,
  - defines and implements the liquidity and funding risk strategy, based on inputs from the Finance and Risk Divisions and the Business Units. In particular, the General Management chairs the Finance Committee, held every 6 weeks and attended by representatives from the Finance and Risk Divisions and Business Units, which is responsible for monitoring structural risks and managing scarce resources:
    - validation and monitoring of the set of limits for structural risks, including liquidity risk,
    - monitoring of budget targets and decisions in case of a deviation from the budget,
    - definition of principles and methods related to liquidity risk management (e.g. definition of stress scenarios),
    - assessment of any regulatory changes and their impacts;
- the Finance Department, which is responsible for the liquidity and funding risks as first line of defence, interacting closely with Business Units. Within the Finance Department, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
  - the Strategic and Financial Steering Department is responsible for framing and steering the Group's scarce resources, including liquidity, within the Group's risk appetite and financial indicators framing,
  - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
  - the Asset and Liability Management Department is in charge of the definition of modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book;
- also sitting with the Finance Department, the Metrics Production Department runs the management information system regarding liquidity and funding risks across the Group. For liquidity metrics, the Group relies on a centralised system architecture, with all Business Units feeding a central data repository from which all metrics are produced, either regulatory metrics (e.g. the LCR or the NSFR) or metrics used for internal steering (e.g. stress test indicators);
- the ALM Risk Department, which perform as the second line of defence functions, ensure the supervision of liquidity risks and evaluates the management system for these risks. As such, it is in charge of:

- defining liquidity indicators and the setting of the main existing limits within the Group;
- defining the normative framework for measuring, modelling methods and monitoring these risks.

In addition, by delegation of MRM, this department ensures the validation of ALM models for which it organises and chairs the Validation Committee of Models.

Finally, it ensures the correct interpretation of the regulatory framework as well as an adequate implementation in the Societe Generale environment.

4.9.4 LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress scenario. The reserve assets are available, *i.e.* not used in guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non-transferable excess cash (according to the regulatory ratio definition) in subsidiaries is therefore not included in the Group's liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that can be quickly monetised on the market via sale or repurchase transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;
- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

TABLE 37: LIQUIDITY RESERVE

(In EURbn)	**31.12.2022**	**31.12.2021**
Central bank deposits (excluding mandatory reserves)	195	168
HQLA securities available and transferable on the market (after haircut)	59	58
Other available central bank-eligible assets (after haircut)	24	3
TOTAL	**279**	**229**

4.9.5 REGULATORY RATIOS

Regulatory requirements for liquidity risk are managed through two ratios:

- the Liquidity Coverage Ratio (LCR), which aims to ensure that banks hold sufficient liquid assets or cash to survive to a significant stress scenario combining a market crisis and a specific crisis and lasting for one month The minimum regulatory requirement is 100% at all times;
- the Net Stable Funding Ratio (NSFR), a long-term ratio of the balance sheet transformation, which compares the financing needs generated by the activities of institutions with their stable resources; The minimum level required is 100%.

In order to meet these requirements, the Group ensures that its regulatory ratios are managed well beyond the minimum regulatory requirements set by Directive 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD5) and Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2)[1].

Societe Generale's LCR ratio has always been above 100%: 141% at the end of 2022 compared to 129% at the end of 2021. Since it came into force, the NSFR ratio has always been above 100% and stands at 114% at the end of 2022 compared to 110% at the end of 2021.

(1) Several amendments to European regulatory standards were adopted in May 2019: the text on the CRL, published in October 2014, has since been supplemented by a Delegated Act corrigendum which entered into force on 30 April 2020. The minimum level of the required ratio has been 100% since 1 January 2018. The NSFR requirement included in CRR2 (EU) 2019/876 of 20 May 2019 has applied since June 2021. The required ratio is 100%.

4.9.6 BALANCE SHEET SCHEDULE

The main lines of the Group's financial liabilities and assets are presented in Note 3.13 to the consolidated financial statements.

TABLE 38: BALANCE SHEET SCHEDULE

FINANCIAL LIABILITIES

	31.12.2022					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		8,361	-	-	-	8,361
Financial liabilities at fair value through profit or loss, excluding derivatives	Notes 3.1 et 3.4	150,413	22,543	29,654	25,940	228,550
Due to banks	Note 3.6	49,803	39,639	42,213	1,333	132,988
Customer deposits	Note 3.6	475,608	27,233	23,101	4,822	530,764
Securitised debt payables	Note 3.6	34,158	24,030	46,583	28,405	133,176
Subordinated debt	Note 3.9	3	-	6,062	9,881	15,946

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

	31.12.2021					
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		5,152	-	-	-	5,152
Financial liabilities at fair value through profit or loss, excluding derivatives		136,581	17,693	23,438	23,244	200,956
Due to banks	Note 3.6	57,174	4,185	76,106	1,712	139,177
Customer deposits	Note 3.6	470,890	15,244	16,568	6,431	509,133
Securitised debt payables	Note 3.6	89,671	12,164	19,040	14,449	135,324
Subordinated debt	Note 3.9	7,735	61	3,649	4,514	15,959

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

FINANCIAL ASSETS

	31.12.2022					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		203,389	734	1,808	1,082	207,013
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	242,458	11,045	-	-	253,503
Financial assets at fair value through other comprehensive income	Note 3.4	37,066	132	-	265	37,463
Securities at amortised cost	Note 3.5	6,939	4,718	6,547	3,226	21,430
Due from banks at amortised cost	Note 3.5	57,524	1,569	7,348	462	66,903
Customer loans at amortised cost	Note 3.5	111,407	62,807	183,235	120,477	477,927
Lease financing agreements(1)	Note 3.5	2,760	6,014	15,663	4,165	28,602

(1) Amounts are presented net of impairments.

	31.12.2021					
(In EURm)	**Note to the consolidated financial statements**	**0-3 m**	**3 m-1 yr**	**1-5 yrs**	**>5 yrs**	**Total**
Cash, due from central banks		176,064	822	1,988	1,095	179,969
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	233,186	9,173	-	-	242,359
Financial assets at fair value through other comprehensive income	Note 3.4	42,798	380	-	272	43,450
Securities at amortised cost	Note 3.5	16,686	289	1,480	916	19,371
Due from banks at amortised cost	Note 3.5	47,182	3,619	4,715	456	55,972
Customer loans at amortised cost	Note 3.5	94,978	65,686	189,325	117,555	467,544
Lease financing agreements(1)	Note 3.5	2,778	6,378	16,024	4,440	29,620

(1) Amounts are presented net of impairments.

Due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By agreement, the following residual maturities were used for the classification of financial assets:

1. assets measured at fair value through profit or loss, excluding derivatives (client-related trading assets):
   - positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months,
   - positions measured using observable data other than quoted prices (L2 accounting classification): maturity of less than 3 months,
   - positions measured mainly using unobservable market data (L3): maturity of 3 months to 1 year;
2. financial assets at fair value through other comprehensive income:
   - available-for-sale assets measured using prices quoted on active markets: maturity of less than 3 months,
   - bonds measured using observable data other than quoted prices (L2): maturity of 3 months to 1 year,
   - finally, other securities (shares held long-term in particular): maturity of more than 5 years.

As regards the other lines of the balance sheet, other assets and liabilities and their associated conventions can be broken down as follows:

OTHER LIABILITIES

	31.12.2022						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	807	831	-	1,638
Revaluation difference on portfolios hedged against interest rate risk		(9,659)	-	-	-	-	(9,659)
Other liabilities	Note 4.4	-	100,859	1,969	2,864	1,861	107,553
Non-current liabilities held for sale	Note 2.5	-	-	220	-	-	220
Insurance contracts related liabilities	Note 4.3	-	5,345	10,055	39,677	86,611	141,688
Provisions	Note 8.3	4,579	-	-	-	-	4,579
Shareholders' equity		72,782	-	-	-	-	72,782

	31.12.2021						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	836	741	-	1,577
Revaluation difference on portfolios hedged against interest rate risk		2,832	-	-	-	-	2,832
Other liabilities	Note 4.4	-	98,035	2,241	3,023	3,006	106,305
Non-current liabilities held for sale		1	-	-	-	-	1
Insurance contracts related liabilities	Note 4.3	-	15,566	10,232	40,848	88,642	155,288
Provisions	Note 8.3	4,850	-	-	-	-	4,850
Shareholders' equity		70,863	-	-	-	-	70,863

OTHER ASSETS

	31.12.2022						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		(2,262)	-	-	-	-	(2,262)
Other assets	Note 4.4	-	85,072	-	-	-	85,072
Tax assets	Note 6	4,696	-	-	-	-	4,696
Deferred profit-sharing			1,170	0	1	4	1,175
Investments accounted for using the equity method		-	-	-	-	146	146
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	33,089	33,089
Goodwill	Note 2.2	-	-	-	-	3,781	3,781
Non-current assets held for sale	Note 2.5	-	1	1,049	15	17	1,081
Investments of insurance companies	Note 4.3	-	34,774	7,907	35,418	80,316	158,415

	31.12.2021						
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		131	-	-	-	-	131
Other assets	Note 4.4	-	92,898	-	-	-	92,898
Tax assets	Note 6	4,812	-	-	-	-	4,812
Investments accounted for using the equity method		-	-	-	-	95	95
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	31,968	31,968
Goodwill	Note 2.2	-	-	-	-	3,741	3,741
Non-current assets held for sale		-	1	2	12	12	27
Investments of insurance companies		-	49,908	5,632	36,781	86,577	178,898

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.2.2 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than five years.
5. Provisions and shareholders' equity are not scheduled.

4.10 OPERATIONAL RISK

In line with the Group's Risk taxonomy, operational risk is one of the non-financial risks monitored by the Group. Operational risk is the risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events.

Societe Generale's operational risk classification is divided into eight event categories:

- commercial litigation;
- disputes with authorities;
- errors in pricing or risk evaluation including model risk;
- execution errors;
- fraud and other criminal activities;
- rogue trading;
- loss of operating resources;
- IT system interruptions.

This classification ensures consistency throughout the system and enabling cross-business analyses throughout the Group (see section 4.10.2), particularly on the following risks:

- risks related to information and communication technologies and security (cybercrime, IT systems failures, etc.);
- risks related to outsourcing of services and business continuity;
- risks related to the launch of new products/services/activities for customers;
- non-compliance risk (including legal and tax risks) represents the risk of legal, administrative or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with national or European legislation, regulations, rules, related self-regulatory organisation standards, and Codes of Conduct applicable to its banking activities;
- reputational risk arises from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- misconduct risk resulting from actions (or inaction) or behaviour of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk.

The framework relating to the risks of non-compliance, reputation and inappropriate conduct is detailed in Chapter 4.11 *"Compliance risk"*.

4.10.1 ORGANISATION OF OPERATIONAL RISK MANAGEMENT

Governance

The Group operational risk management framework, other than non-compliance risks detailed in Chapter 4.11 *"Compliance risk"* is structured around a three-level system comprising:

- a first line of defence in each core Business Units/Service Units, responsible for applying the framework and putting in place controls that ensure risks are identified, analysed, measured, monitored, managed, reported and contained with the limits set by the Group-defined risk appetite;
- a second line of defence, namely the Operational Risk Department in the Group's Risk Division.

  As such, the Operational Risk Department:

  - conducts a critical examination of the BU/SUs management of operational risks (including fraud risk, risks related to information systems and information security, and risks related to business continuity and crisis management),
  - sets regulations and procedures for operational risk systems and production of cross Group analyses,
  - produces risk and oversight indicators for operational risk frameworks.

  To cover the entire Group, the Operational Risk Department has a central team supported by regional hubs. The regional hubs report back to the department, providing all information necessary for a consolidated overview of the Bank's risk profile that is holistic, prospective and valid for both internal oversight purposes and regulatory reporting.

  The regional hubs are responsible for implementing the Operational Risk Division's briefs in accordance with the demands of their local regulators.

  The Operational Risk Department communicates with the first line of defence through a network of operational risk correspondents in each Business/Service Units.

  Concerning risks specifically linked to business continuity, crisis management and information, of persons and property, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Group Security Division. Specifically, regarding IT risks, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Resources and Digital Transformation Department.

- a third line of defence in charge of internal audits, carried out by the General Inspection and Audit Division.

First and second-level control

The implementation and monitoring of the operational risk management framework is part of the Group's internal control framework:

- level 1 control is performed as part of operations within each SG Group BU/SU/entity, including managerial supervision and operational controls. This permanent control framework is supervised by the Normative Controls Library (NCL), which brings together, for the entire Group, the control objectives defined by the expertise functions, the business lines, in connection with the second lines of defence;
- level 2 control is carried out by dedicated teams in the Risk Division to carry out this mission on operational risks covering the risks specific to the various businesses (including operational risks related to credit and market risks), as well as the risks associated with purchases, communication, real estate, human resources and information system.

Risk related to security of persons and property

Protecting persons and property, and compliance with the laws and regulations governing security are major objectives for Societe Generale Group. It is the mission of the Group Security Division to manage human, organisational and technical frameworks that guarantee the smooth operational functioning of the Group in France and internationally, by reducing exposure to threats (in terms of security and safety) and reducing their impact in the event of crisis.

The security of persons and property encompasses two very specific areas:

- security, which comprises all the human, organisational and technical resources combined to deal with technical, physical, chemical and environmental accidents that can harm people and property;
- safety, which comprises all the human, organisational and technical resources combined to deal with spontaneous or premeditated acts aimed at harming or damaging the Bank with the intent of obtaining psychological and/or financial profit.

The management of all these risks is based on operational risk systems and the second line of defence is provided by the Risk Department.

Risks related to information and communication technology (ICT) and security risks

Given the importance for the Group of its information system and the data it conveys and the continuous increase in the cybercriminal threat, the risks related to information and communication technologies (ICT) and to security are major for Societe Generale. Their supervision, integrated into the general operational risk management system, is steered as the first line of defence by a dedicated area of expertise (Information and Information Systems Security – ISS) and the second line of defence is provided by the Risk Department. They are subject to specific monitoring by the management bodies through sessions dedicated to Group governance (Risk Committee, CORISQ, CCCIG, DTCO) and a quarterly dashboard which presents the risk situation and action plans on the main information and communication technologies risks.

The Group Security Department, housed within the General Secretariat, is responsible for protecting information. The information provided by customers, employees and also the collective knowledge and know-how of the bank constitute Societe Generale's most valuable information resources. To this end, it is necessary to put in place the human, organisational and technical mechanisms which make it possible to protect the information and ensure that it is handled, communicated to and shared by only the people who are authorised to know.

The person in charge of risks related to information and communication technologies (ICT) and security of information systems is housed at the Corporate Resources and Digital Transformation Division. Under the functional authority of the Head of Group Security, he recommends the strategy to protect digital information and heads up the IT Security Department. The IT security framework is aligned with the market standards (NIST, ISO 27002), and implemented in each Business/Service Unit.

Risk management associated with cybercrime is carried out through the tri-annual Information Systems Security (ISS) master plan.

In order to take into account the development of the threat, in particular that related to ransomware, and in line with the Group strategy, the ISS 2021-2023 master plan is structured, with a budget of EUR 650 million over the period 2021-2023, around two pillars that guide actions out to 2023:

- protect the data of our customers and our ability to operate the banking services, by integrating the threats, the requirements of the regulators, and the need to support the Business Units and Service Units in their digital transformation and the evolution of uses that accompanies it. A risk-based approach allows us to concentrate our efforts on the most critical elements and data, in connection with the work of the Security Department cited above. We are preparing to manage a major cyber crisis by improving in particular our detection capacity, our ability to control our IT links with our partners and subsidiaries, and our ability to rebuild the information system;
- increase our operational efficiency by gaining overall consistency, and by increasing our protections and our ability to react. In particular by developing the management of the Cyber Security Department, by optimising our processes and our tools to be able to deploy new protections at constant cost. Finally, by working on the management of human resources in the department, in particular on developing skills and networks of expertise.

At the operational level, the Group relies on a CERT (Computer Emergency Response Team) unit in charge of incident management, security watch and the fight against cybercrime. This team uses multiple sources of information and monitoring, both internal and external. Since 2018, this unit has also been strengthened by the establishment of an internal Red Team whose main tasks are to assess the effectiveness of the security systems deployed and to test the detection and reaction capabilities of the defence teams (Blue Teams) during an exercise simulating a real attack. The services of the Red Team enable the Group to gain a better understanding of the weaknesses in the security of the Societe Generale information system, to help in the implementation of global improvement strategies, and also to train cybersecurity defence teams. CERT works closely with the Security Operation Center (SOC), which is in charge of detecting security events and processing them.

A team at the Resources and Digital Transformation Department is in charge of ensuring the consistency of the implementation of operational risk management systems and their consolidation for IT processes. The main tasks of the team are as follows:

- identify and evaluate the major IT risks for the Group, including extreme risk scenarios (*e.g.* cyberattack, failure of a provider), to enable the Bank to improve its knowledge of its risks, be better prepared for extreme risk scenarios and better align their investments with their IT risks;
- produce the indicators that feed the IT risks monitoring dashboard, intended for management bodies and Information Systems Directors. They are reviewed regularly with the second line of defence in order to remain aligned with the IS and SSI strategy and their objectives;
- more generally, ensure the quality and reliability of all devices addressing IT operational risks. Particular attention is paid to the permanent control system for its IT risks, which is based on the definition of normative IT and security controls and the support of the Group in the deployment of managerial supervision on this topic. As part of the "PCT" program to transform permanent control, the normative controls were reviewed, *i.e.* around thirty controls on IS/SSI subjects. The IT Department monitors the deployment of these controls across the Group, the progress of which is aligned with the objectives set by the Group.

In terms of awareness, a multilingual online training module on information security is mandatory for all internal Group staff and for all service providers who use or access our information system. It was updated in early 2020 in order to incorporate changes to the new Group Information Security Policy. At the end of August 2021, 98% of Societe Generale Group employees who were notified of the training module had performed it.

Risks related to fraud and non-authorised market activities (rogue trading)

The supervision of fraud risk, whether internal or external, is integrated into the general operational risk management framework which allows the identification, assessment, mitigation and monitoring of the risk, whether it is potential or actual.

It is steered in the first line of defence by dedicated expert teams working on fraud risk management, in addition to the teams in charge of operational risk management specific to each of the banking businesses. These teams are in charge of the definition and operational implementation of the means of raising awareness, preventing, detecting and dealing with frauds. The second line of defence is provided by the Operational Risks Department with a fraud risk manager. The second line defines and verifies compliance with the principles of fraud risk management in conjunction with the first line teams, and ensures that the appropriate governance is in place.

Finally, the teams, whether they are in the first or second line of defence, work jointly with teams of experts in charge of information security, the fight against cyber crime, know your client (KYC), anti-money laundering and combating corruption. Likewise, the teams work closely with the teams in charge of credit risk and market risk. The sharing of information contributes to the identification and increased responsiveness in the presence of a situation of proven fraud or weak signals. This active collaboration makes it possible to initiate investigative measures, blocking attempted fraud or initiating the recovery of funds or the activation of associated guarantees and insurance payments in the event of successful fraud.

4.10.2 OPERATIONAL RISK MONITORING PROCESS

The Group's main frameworks for controlling operational risks are as follows:

- collection and analysis of internal operational losses and significant incidents that do not have a financial impact;
- risk and control self-assessment (RCSA);
- oversight of key risk indicators (KRI);
- development of scenario analyses;
- analysis of external losses;
- framework of new products and services;
- management of outsourced services;
- crisis management and business continuity;
- management of risks related to information and communication technologies.

Collection of internal operational losses and significant incidents without any financial impact

Internal losses and significant incidents without any financial impact are compiled throughout the Group. The process:

- monitors the cost of operational risks as they have materialised in the Group and establishes a historical data base for modelling the calculation of capital to be allocated to operational risk;
- learns from past events to minimise future losses.

Analysis of external losses

External losses are operational losses data shared within the banking sector. These external data include information on the amount of actual losses, the importance of the activity at the origin of these losses, the causes and circumstances and any additional information that could be used by other establishments to assess the relevance of the event as far as they are concerned and enrich the identification and assessment of the Group's operational risk.

Risk and control self-assessment

Under the Risk and Control Self-Assessment (RCSA), each manager assesses the exposure to operational risks of its activities within its scope of responsibility, in order to improve their management.

The method defined by the Group consists of taking a homogeneous approach to identifying and evaluating operational risks and frameworks to control these risks, in order to guarantee consistency of results at Group level. It is based notably on Group repositories of activities and risks in order to facilitate a comprehensive assessment.

The objectives are as follows:

- identifying and assessing the major operational risks (in average amount and frequency of potential loss) to which each activity is exposed (the intrinsic risks, *i.e.* those inherent in the nature of an activity, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (*e.g.* Compliance, Information Systems Security, etc.) contributes to this assessment of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures;
- assessing the risk exposure of each activity that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- remedying any shortcomings in the prevention and control systems, by implementing corrective action plans and defining key risk indicators; if necessary, in the absence of an action plan, risk acceptance will be formally validated by the appropriate hierarchical level;
- adapting the risk insurance strategy, if necessary.

The exercise includes, in particular, risks of non-compliance, reputational risk, tax risks, accounting risks, risks related to information systems and their security, as well as those related to human resources.

Key risk indicators

Key risk indicators (KRIs) supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business risk profiles.

Their follow-up provides managers of entities with a regular measure of improvements or deteriorations in the risk and the environment of prevention and control of activities within their scope of responsibility.

KRIs help BU/SU/Entities and the Senior Management proactively and prospectively manage their risks, taking into account their tolerance and risk appetite.

An analysis of Group-level KRIs and losses is presented to the Group's Executive Committee on a quarterly basis in a specific dashboard.

Analyses of scenarios

The analyses of scenarios serve two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

These analyses make it possible to build an expert opinion on a distribution of losses for each operational risk category and thus to measure the exposure to potential losses in scenarios of very severe severity, which can be included in the calculation of the prudential capital requirements.

In practice, various scenarios are reviewed by experts who gauge the severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.). Analyses are peformed either at Group level (cross-business scenarios) or at business level.

Governance is established in particular to:

- enable approval of the annual scenarios update program by Senior Management through the Group Risk Committee (CORISQ);
- enable approval of the scenarios by the businesses (for example during the Internal Control Coordination Committees of the BUs and SUs concerned or during *ad hoc* meetings) and a challenge of scenario analyses by LoD2;
- conduct an overall review of the Group's risk hierarchy and of the suitability of the scenarios by CORISQ.

New product Committees

Each division submits its plans for a new product and services to the New Product Committee. The Committee, jointly coordinated by a representative of the Group Risk Division and a representative of the relevant businesses division, is a decision-making body which decides the production and marketing conditions of new products and services to clients.

The Committee aims to ensure that, before the launch of any product or service, or before any relevant changes to an existing product or service, all types of induced risks (among them, credit, market, liquidity and refinancing, country, operational, legal, accounting, tax, financial, information systems risks as well as the risks of non-compliance, reputation, protection of personal data, corporate social and environmental responsibility risks, etc.) have been identified, assessed and, if necessary, subjected to mitigation measures allowing the acceptance of residual risks.

Management of outsourced services

Some banking services are outsourced outside the Group or within the Group (*e.g.* in our shared service centres). These two subcontracting channels are supervised in a manner adapted to the risks they induce.

The management framework for outsourced services ensures that the operational risk linked to outsourcing is controlled, and that the terms imposed by the Group under the sub-contracting agreement are respected.

The objectives are to:

- decide on outsourcing with knowledge of the risks taken; the entity remains fully responsible for the risks of the outsourced activity;
- monitor outsourced services until they are completed, ensuring that operational risks are controlled;
- map the Group's outsourcing activities with an identification of the activities and BUs concerned in order to prevent excessive concentrations on certain service providers.

Crisis management and business continuity

Crisis management and business continuity measures aim to minimise as much as possible the impact of potential disasters on clients, staff, activities or infrastructures, and thus to preserve the Group's reputation and image as well as its financial strength.

Business continuity is managed by developing in each Societe Generale Group entity, organisations, procedures and resources that can deal with natural or accidental damage, or acts of deliberate harm, with a view to protect their personnel, assets and activities and to allow the provision of essential services to continue, if necessary, temporarily in reduced form, then restoring service to normal.

4.10.3 OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA) allowed by the Capital Requirements Directive to measure operational risk. This approach, implemented across the main Group entities, notably makes it possible to:

- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's management of operational risks.

Operational risk modeling

The statistical method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA) for AMA internal model.

Under this approach, operational risks are modeled using segments, each segment representing a type of risk and a Group core business. The frequency and severity of operational risks, based on past internal losses, external losses, the internal and external environment, and scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business scenario analyses that measure cross-business risks for core businesses, such as cybercriminality and the flooding of the river Seine.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between the various types of risk and the core businesses, dependency effects between extreme risks as well as the effect of insurance policies taken out by the Group. The Group's regulatory capital requirements for operational risks within the scope covered by the (AMA) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

For some Group entities, notably in retail banking activities abroad, the standard method is applied: the calculation of capital requirements is defined as the average over the last three years of a financial aggregate based on the Product Net Banking multiplied by factors defined by the regulator and corresponding to each category of activity. To make the calculation, all of the Group's business lines are broken down into the eight regulatory activities.

Societe Generale's total capital requirements for operational risks were EUR 3.7 billion at the end of 2022, representing EUR 46 billion in risk-weighted assets. This assessment includes the capital requirement of AMA and Standard perimeters.

Insurance cover in risk modeling

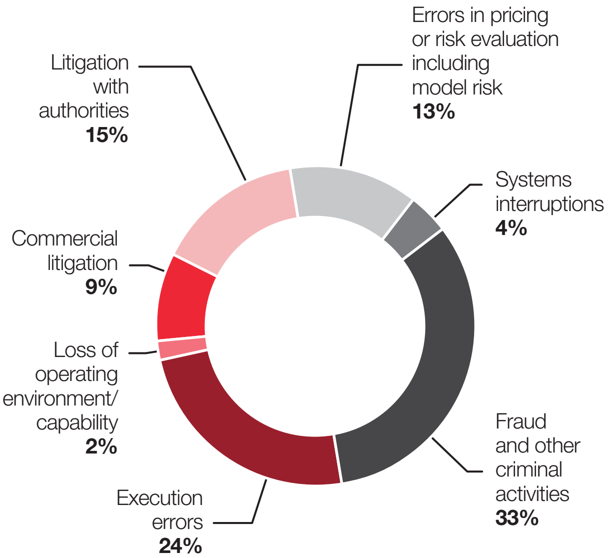
In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements. These insurance policies cover part of the Group's major risks, *i.e.* civil liability, fraud, fire and theft, as well as systems interruptions.

Risk reduction through insurance policies resulted in a 6.5% decrease in total capital requirements for operational risks.

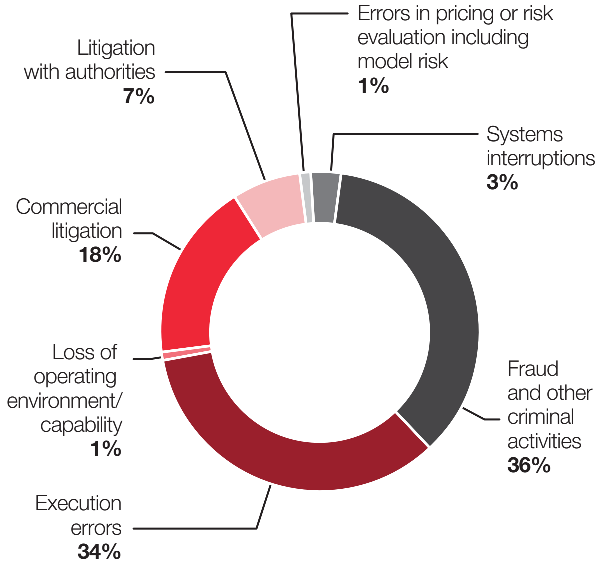
Quantitative data

The following charts break down operating losses by risk category for the 2018-2022 period.

OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – AMOUNTS



OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE – NUMBER OF EVENTS



Over the past five years, Societe Generale's operational risks have, on average, concentrated on five types, accounting for 94% of the Group's total operating losses:

- fraud and other criminal activities represented 33% of the amount of operating losses over the period. They are mainly composed of external frauds on financing files (falsified financial statements by the client, theft or misappropriation of collateral/guarantees, etc.), fraud on manual means of payment (electronic payments, transfers and cheques) and supplier fraud on financed equipment. The level increased slightly in 2022 due in particular to remediation action on old external fraud files;
- execution errors represented 24% of total operational losses, thereby constituting the second leading cause of loss for the Group; The decrease trend that began in 2021, continued in 2022 thanks to the proper execution of the remediation plans;
- litigation with authorities, the third largest category, represented 15% of the Group's operational losses over the period; the net amount of provisions for litigation has decreased in 2022 compared to 2021;
- pricing or risk assessment errors, including model risk, represent 13% of the total amount of losses. The main cases concern the pricing and ALM models;
- commercial disputes represented 9% of total Group operating losses.

The other categories of Group operational risk (activities not authorised on the markets, system interruptions, loss of operating environment/capability) were still relatively insignificant, representing on average 6% of the Group's losses over the 2018 to 2022 period.

4.10.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Societe Generale's capital requirements for operational risk are mainly calculated using the Advanced Measurement Approach (AMA) *via* its internal model (97% in 2022).

The amount of RWA on the AMA scope decreased in 2022 (EUR -0.8 billion, *i.e.* -1.7%). This decrease is linked to the update of scenarios analyses, which may trend downward for some categories of operational risk events.

The following table breaks down the Group's risk-weighted assets and the corresponding capital requirements at 31 December 2022.

TABLE 39: WEIGHTED EXPOSURES AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK BY APPROACH

	31.12.2022				
(In EURm)	Relevant indicator			Own funds requirements	Risk-weighted assets
Banking activities	**31.12.2020**	**31.12.2021**	**31.12.2022**		
Banking activities subject to basic indicator approach (BIA)	0	0	0	0	0
Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	1,184	1,337	1,245	103	1,290
Subject to TSA	*1,184*	*1,337*	*1,245*		
Subject to ASA	*0*	*0*	*0*		
Banking activities subject to advanced measurement approaches AMA	21,964	23,980	27,186	3,579	44,733

	31.12.2021				
(In EURm)	Relevant indicator			Own funds requirements	Risk-weighted assets
Banking activities	**31.12.2019**	**31.12.2020**	**31.12.2021**		
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	1,365	1,437	1,481	193	2,412
Subject to TSA	*1,365*	*1,437*	*1,481*		
Subject to ASA	-	-	-		
Banking activities subject to advanced measurement approaches AMA	23,643	21,964	23,980	3,552	44,394

(1) Historical data including the updates, reflecting some changes in the scope of entities, which occurred during the year.

4.10.5 OPERATIONAL RISK INSURANCE

General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists of searching the market for the most extensive cover available for the risks incurred and enabling all entities to benefit from such cover wherever possible. Policies are taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, special insurance policies may be taken out by entities that perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of main general risk coverage

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (*i.e.* relating to operations, Chief Executive Officers and Directors, etc.) is covered. The amounts insured vary from country to country, according to operating requirements.

Description of main risks arising from operations

Insurance is only one of the measures used to offset the consequences of the risks inherent in the Group's activity. It complements the Group's risk management policy.

THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal fraud (committed by an employee or by a third party acting with the aid of an employee) and external fraud (committed by a third party acting alone), with the intent to obtain illicit personal gain or to harm the Group, are covered.

PROFESSIONAL LIABILITY

The consequences of any legal action in respect of staff or managers in the Group's professional activities are insured under a global policy.

CYBERATTACKS

A cyber risk insurance policy has been taken out amid an environment not specific to the banking sector which is seeing a rapid development of new forms of crime mainly involving data theft or the compromise or destruction of computer systems.

4.11 COMPLIANCE RISK

Compliance risk is considered a non-financial risk, in keeping with the Group's risk taxonomy.

Acting in compliance means understanding and observing the external and internal rules that govern our banking and financial activities. These rules aim to ensure a transparent and balanced relationship between the Bank and all of its stakeholders. Compliance is the cornerstone of trust between the Bank, its clients, its supervisors and its staff.

Compliance with rules is the responsibility of all Group employees, who must demonstrate compliance and integrity on a daily basis. The rules must be clearly expressed, and staff have been informed and/or trained to understand them properly.

The compliance risk prevention system is based on shared responsibility between the operational entities and the Group Compliance Department:

- the operational entities (BUs and SUs) must incorporate into their daily activities compliance with laws and regulations, the rules of professional best practice and the Group's internal rules;
- the Compliance Department manages the Group's compliance risk prevention system. It ensures the system's consistency and efficiency, while also developing appropriate relationships (liaising with the General Secretariat) with bank supervisors and regulators. This independent department reports directly to General Management.

To support the businesses and supervise the system, the Compliance Department is organised into:

- **Standards and Consolidation teams** responsible for defining the normative system and oversight guidelines, consolidating them at Group level, as well as defining the target operational model for each compliance risk;
- **Departmental/Business Compliance teams** which are aligned across the Group's major business lines (Corporate and Investment Bank, French Retail Banking, International Retail Banking, Private Banking and Corporate Divisions), responsible for the relationship with BU/SUs, including deal flow, advisory, and risk oversight of BU/SUs;
- teams responsible for cross-business functions, including second-level controls.

The Compliance Department is organised into three main compliance risk categories:

- financial security: know your client (KYC) processes; the observance of international sanctions and embargo rules, and anti-money laundering and countering the financing of terrorism (AML/CFT) rules, including the declaration of suspicious activities to the relevant authorities where applicable;
- regulatory risks, which cover in particular: client protection, anti-bribery and corruption, ethics and conduct, compliance with tax transparency regulations (based on knowledge of the customers' tax profile), compliance with corporate social responsibility regulations and Group commitments, market integrity, compliance with prudential regulations in collaboration with the Risk Department, joint coordination with HRCO of the Group's Culture & Conduct issues (conduct in particular);
- data protection, including personal data, in particular client data.

Financial crime risks			Regulatory risks						Data protection & digital
KYC(1)	AML/CTF(2)	Sanctions and embargoes	Client protection	Market integrity	Tax transparency	Anti-Corruption & Bribery, Ethics & Conduct	CSR(3)	Prudential risks	

(1) Know Your Client.
(2) Anti-money laundering and countering the financing of terrorism.
(3) Corporate Social Responsibility.

Compliance has set up an extensive compulsory training programme for each of these risk categories, designed to raise awareness of compliance risks among all or some employees. The training has been completed by high-level employees within the Group.

In addition to its LoD2 function with regard to the aforementioned risks, Compliance oversees the regulatory system for all regulations applicable to credit institutions, including those implemented by other departments, such as prudential regulations.

4.11.1 COMPLIANCE

Financial security

KNOW YOUR CLIENT (KYC)

At the end of 2022, the Group concluded an extensive programme launched in 2018 to rework its KYC functions in order to boost their operational efficiency (*via* the simplification of standards, greater pooling of resources, optimisation of tools and processes) and to improve the client experience. Placed under the responsibility of the Compliance Department, this programme has made it possible to redefine a standardised normative framework country by country in terms of KYC due diligence, to develop new client rating models, and to launch an industrialised system for the screening and processing of negative client news. This allowed the anti-corruption system to be upgraded in line with the requirements of the French anti-bribery agency.

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM (AML/CTF)

The Group has transposed all the measures related to Directive (EU) 2015/849 on anti-money laundering and counter-terrorism financing (referred to as “the 5th Anti-Money Laundering Directive”), as well as European Regulation 2015/847 on the quality of payment information and the Order of 6 January 2021 on the system and internal controls to fight money laundering and terrorism financing.

The system for the detection of suspicious or unusual transactions continued to be strengthened in 2022 with the roll-out of more sophisticated monitoring tools, the optimisation of scenarios used and the launch of initiatives to switch to new-generation monitoring tools, with priority given to International Retail Banking and Boursorama.

FINANCIAL EMBARGOES AND SANCTIONS

In 2022, the Embargoes/Sanctions teams were hit with the impact of the Russian crisis, in particular the increase in and complexity of the sanction regimes defined by the various jurisdictions (European Union, United States, United Kingdom, etc.) in the first months of the Ukraine war and the disposal of our subsidiary Rosbank.

Societe Generale was able to effectively react to this crisis thanks to the strengthening in recent years of its embargoes/sanctions risk management system, and the exceptional recruitment of additional employees to manage the sharp rise in alerts.

Despite the significant increase in workload for all teams, managing the Russian crisis did not affect the completion of upgrades to the system following agreements entered into with the US authorities in 2018. In accordance with the dismissal of the Deferred Prosecution Agreement, announced in December 2021, the La Fayette programme was officially closed on 1 August 2022. Nevertheless, Societe Generale is still regularly reviewed by an independent consultant appointed by the FED.

Regulatory compliance risk

CUSTOMER PROTECTION

Customer protection is a major challenge for the Societe Generale Group, which is committed to respecting and protecting the interests of its customers.

The prevention of financial vulnerability (early detection), banking inclusion (the right to hold an account) and the removal of insurance taken out on a real estate loan are still priorities. These measures were supplemented by the application of the recent Lemoine law, which stipulates that any request to replace a contract must be processed within 10 days.

Information provided to customers was strengthened with new rules on ESG (Environmental and Social Governance) labelling and designations.

The Group continues to implement significant measures to improve its system in terms of:

- strengthening internal rules regarding key aspects of customer protection (marketing rules – especially in terms of sustainable investment, cross-border sales, customer claims, conflicts of interest, product governance, protection of customers’ assets, along with compensation and qualification of employees);
- specific training and increased staff awareness; the importance the Group places on this issue is largely addressed in the Group’s Code of Conduct;
- adapting as a matter of necessity existing tools to new regulatory requirements, in particular the Shareholder Rights Directive II (SRD2), applicable as of 2021.

Customer claims

Processing a claim is a commercial act that impacts customer satisfaction. Accordingly, it has received much coverage in the Code of Conduct.

The “Customer claim processing” Group instruction incorporates the recommendations of the national supervisor (French Prudential Supervisory and Resolution Authority – ACPR) and the regulatory requirements (MIF2, DDA and DSP – the Payment Services Directive) relative to the strengthening of customer protection measures at European level. The Bank’s businesses have an *ad hoc* governance, an organisation, human resources and applications, formalised procedures, and quantitative and qualitative monitoring indicators.

Independent mediation supplements this internal system. Mediation, a measure aimed at amicable settlement, is brought to customers’ awareness on multiple information media, in particular through a permanent notice on the back of bank account statements. Every entity involved is obliged to comply with the independent mediator’s decision.

Conflicts of interest

The Group has a clear normative framework in place to prevent and manage conflicts of interest. This framework specifies the principles and mechanisms that have been implemented. This robust system covers three categories of potential conflicts of interest: those that may arise between the Group and its customers or between the Group’s customers; those occurring between the Group and its employees (particularly in relation to activities involving an employee’s personal interest and/or their professional obligations); and, lastly, those arising between the Group and its suppliers. The system has been supplemented by the annual reporting of conflicts of interest (*Déclaration des Conflits d’intérêts* – DACI) regarding people most exposed to the risks of corruption.

Product governance

Systematic reviews ahead of and during the marketing process ensure compliance with product governance obligations. As product originator, Societe Generale sets up Product Review Committees to ensure the target market has been defined correctly and, if not, to adjust it accordingly. As distributor, Societe Generale checks that the criteria match the customers’ situation and communicates with product originators to track products during their life cycle. Societe Generale’s investment services policy includes new offers in terms of sustainable finance, the supervision of crypto-assets, and detailed notes on the target markets of the main instruments produced or distributed by each business.

Vulnerable customers

Societe Generale has established practices and usages to comply with legislation vis-à-vis vulnerable customers, in particular customers benefiting from the offer tailored to financially vulnerable customers. To contribute to the national effort to boost the purchasing power of French citizens in challenging financial circumstances, the Group has added to its practices by introducing additional measures in 2019, notably: i) freezing bank fees; ii) capping bank intervention fees for vulnerable clients; and iii) organising follow-up and support suited to the situation of customers experiencing difficulties in the wake of recent events. These measures are closely monitored and covered in action plans aimed at identifying financially vulnerable customers.

MARKET INTEGRITY

The market integrity laws and regulations adopted in recent years have been included in a robust risk hedging system implemented in the Societe Generale Group.

The rules of conduct, the organisational principles and the oversight and control measures are in place and regularly assessed. Moreover, extensive training and awareness-raising programmes are provided to all Group employees.

This system was strengthened in 2022 to keep pace with regulatory developments, in particular:

- to address the escalation in regulatory requirements regarding transaction reporting;
- regarding derivatives, which is an area subject to regulatory changes; combined with business and technological developments, they require constant updates and adjustments to the compliance management system;
- by continuing the IBOR transition to adopt Risk-Free Rates after an important milestone was achieved at the end of 2021 with the discontinuation of LIBOR in EUR, GBP, JPY and CHF.

TAX TRANSPARENCY AND EVASION

Societe Generale Group's principles on combating tax evasion are governed by the Tax Code of Conduct. The Code is updated periodically and approved by the Board of Directors after review by the Executive Committee. It is publicly available *via* the Bank's institutional investor portal (*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf*).

The five main principles of the Code of Conduct are as follows:

- Societe Generale ensures compliance with the tax rules applicable to its business in all countries where the Group operates, in accordance with international conventions and national laws;
- in its customer relationships, Societe Generale ensures that customers are informed of their tax obligations relating to transactions carried out with the Group, and the Group complies with the reporting obligations that apply to it as bookkeeper or in any other way;
- in its relations with the tax authorities, Societe Generale is committed to strictly respecting tax procedures and ensures that it maintains open and transparent relations to uphold its reputation;
- Societe Generale does not encourage or promote tax evasion for itself, its subsidiaries or its customers;
- Societe Generale has a tax policy in line with its strategy of sustainable profitability and refrains from any operation, whether for its own account or for its customers, whose main purpose or effect is tax motivated, unless this is consistent with the intention of the legislation.

The Tax Department annually presents to the Risk Committee or the Board of Directors the Group's tax policy, including the procedures and systems in place within the Group to ensure that new products and new establishments comply with the Group's tax principles.

The Group is committed to a strict policy with regard to tax havens. No Group entity is authorised in a state or territory on the official French list of ETNCs (*États et territoires non coopératifs* in French)[1] and internal rules have been in place since 2013 to monitor an expanded list of countries or territories,

The Group adheres to the Organisation for Economic Co-operation and Development's (OECD) Transfer Pricing Guidelines and applies the principle of competitive neutrality in order to ensure that its intra-group transactions are made at arm's length conditions and do not lead to the transfer of any indirect benefits. However, local constraints may require deviations from OECD methodologies, in which case the local constraints must be documented.

The Group publishes information on its entities and activities annually on a country-by-country basis (see 2.12 page 67) and confirms that its presence in a number of countries is for commercial purposes only, and not to benefit from special tax provisions. The Group also complies with the tax transparency rules for its own account (CbCR – country-by-Country Reporting).

Societe Generale complies with client tax transparency standards. The Common Reporting Standard (CRS) enables tax authorities to be systematically informed of income received abroad by their tax residents, including where the accounts are held in asset management structures. Societe Generale also complies with the requirements of the United States FATCA (Foreign Account Tax Compliance Act), which aims to combat tax evasion involving foreign accounts or entities held by US taxpayers. The Group has implemented the European Directive DAC6, which will require the reporting of cross-border tax arrangements. Lastly, the Group is studying the new tax transparency standards on digital assets ahead of their upcoming implementation, in particular the CARF (Crypto-Asset Reporting Framework), changes to the CRS standard, and the new European directive in this regard, known as DAC8 (Directive on Administrative Cooperation 8).

Importantly, the account-keeping entities of the Private Banking business line are established exclusively in countries with the strictest tax transparency rules imposed by G20 member countries and the OECD. Assets deposited in Private Banking books are subject to enhanced scrutiny using comprehensive due diligence procedures to ensure they are tax compliant.

In accordance with regulatory requirements, Societe Generale also includes tax fraud in its anti-money laundering procedures.

ANTI-CORRUPTION MEASURES

Societe Generale is fully committed to fighting corruption and has given clear undertakings in this respect by participating in the Wolfsberg Group and the Global Compact.

The Group applies the strict principles included in its Code of Conduct and its "Anti-Corruption and Influence Peddling Code".

(1) Including the European Union blacklist.

Societe Generale's anti-corruption programme is built around the following themes:

- Code of Conduct;
- risk mapping;
- appropriate training at all levels (senior management, exposed persons, all employees);
- control systems;
- accounting procedures;
- evaluation of third parties;
- disciplinary system;
- right to whistleblow.

In this context, processes and tools have been strengthened since 2018 with more staff dedicated to anti-corruption practices within the Group (in particular to carry out client due diligence), the creation of monitoring indicators, and new operational checks to reduce the risk of corruption.

The Group's anti-corruption instructions are revised and expanded every year.

The Societe Generale Group also has several tools at its disposal, such as the tool for declaring gifts and invitations (GEMS), the tool for whistleblowing management (WhistleB), the annual conflict of interest declaration tool (DACI), and the tool for selecting risky manual accounting entries (OSERIS).

Several anti-corruption training measures are implemented on a regular basis, for the benefit not only of employees, but also of persons most exposed to the risk of corruption, accounting controllers, and members of General Management and the Board of Directors.

Third-party (customers, suppliers and associations benefiting from donations or sponsorship initiatives) knowledge procedures have been strengthened.

SUSTAINABILITY RISK

European financial regulations have seen significant changes from a social and environmental perspective, in particular with:

- the entry into force in March 2021 of Regulation (EU) 2019/2088 – SFDR on sustainability-related disclosures in the financial services sector;
- the Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment; and
- the entry into force in January 2022 of the Delegated Regulation of 4 June 2021 supplementing the Taxonomy Regulation.

The Compliance Department is developing the normative framework relative to the European Union regulations on sustainable investment. A dedicated programme is helping the business lines to comply with regulations and is producing deliverables pertaining to normative documentation, training, controls and supervision. An e-learning module on sustainable investment was made compulsory for more than 30,000 Group employees.

Over and above the regulations, the Group is making voluntary, public commitments in this area. To manage the implementation of the environmental and social risk management system and ensure the Group's commitments are upheld, the Compliance Division has taken the following measures:

- developing normative controls;
- deploying e-learning on environmental and social risk management. The training was made compulsory for all employees having a direct or indirect relationship with corporate customers. Moreover, specific workshops were conducted with targeted employees in the Compliance Division to foster an understanding of and compliance with the criteria for applying voluntary commitments;
- defining an environmental and social escalation procedure with respect to corporate customers to set out the criteria requiring business lines to reach out to the Compliance Division and, where applicable, the Responsible Commitments Committee, to connect with a company or during situations likely to present a reputation risk arising from environmental or social factors.

Data protection

PERSONAL DATA PROTECTION

Societe Generale is especially sensitive to personal data protection.

In order to comply with the General Data Protection Regulation (GDPR), Societe Generale Group has significantly strengthened its personal data processing framework.

Across all Group entities, internal instructions and associated procedures in line with local and European regulations define the rules to apply and the measures to take to guarantee the protection and security of customer and staff data. In particular, measures to inform data subjects (customers, employees, shareholders, suppliers, etc.) and process their demands are in place so that such persons can exercise their rights, notably *via* dedicated digital platforms. A personal data security policy has been defined, which fits in with the Group's overall security strategy, especially as regards cybersecurity. Moreover, there has been a specific effort to increase staff awareness *via* dedicated training. Accordingly, the e-learning module was revised in 2022 to be rolled out to all employees working in the relevant entities.

Societe Generale Group has appointed a Data Protection Officer (DPO) in accordance with the applicable regulations. Reporting to the Head of Group Compliance, the DPO is the main contact person for the Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* – CNIL). The DPO is also responsible for ensuring sound Group compliance for personal data protection. Alongside the network of local DPOs and correspondents throughout the Group entities, the DPO assists them with security issues and personal data usage.

As part of his or her duties, the DPO regularly reviews a number of indicators, notably the number and nature of requests by persons seeking to exercise their rights under GDPR, the internal training completion rate, and the local DPO certification programme.

DATA RECORDS MANAGEMENT

Societe Generale Group is required to archive information that could provide evidence of its activities, in accordance with the laws and regulations applicable in its countries of operation.

Data Records Management (DRM) is defined as all actions, tools and methods aimed at identifying, storing, retrieving and destroying or permanently preserving all information providing evidence of its activities. It ensures the traceability of the Group's activities by preserving records held in compliance with the legal, regulatory, contractual and business rules applicable to the relevant activities, and by destroying them at the end of their retention period, except in specific cases (pre-litigation or litigation retention procedures, for example).

Three DRM principles must be observed and implemented in a proportionate manner for all archived records: integrity, traceability and access.

DRM governance is covered by a specific Group-wide policy.

It is being rolled out gradually as part of a dedicated programme, under the responsibility of the Human Resources, Compliance and Legal Departments, and relies on a network of DRM correspondents.

Other regulatory risks

MANAGEMENT OF REPUTATION RISK

It is coordinated by the Compliance Department, which:

- supports the Compliance Control Officers of the businesses in their strategy for preventing, identifying, assessing and controlling reputation risk;
- develops a reputation risk dashboard that is communicated quarterly to the Risk Committee of the Board of Directors, based on information from the businesses/Business Units and support functions/Service Units (in particular the Human Resources, Communications, Legal, Corporate Social Responsibility and Data Protection Departments).

Moreover, Chief Compliance Officers dedicated to Business Units take part in the various bodies (New Product Committees, *ad hoc* Committees, etc.) organised to approve new types of transactions, products, projects or customers, and formulate a written opinion as to their assessment of the level of risk of the planned initiative, and notably the reputation risk.

CORPORATE COMPLIANCE

In addition to its second-line-of-defence function with regard to the aforementioned risks, the Compliance Department has continued to strengthen the supervision of the Group's regulatory system in coordination with the Risk, Finance and Legal Departments. This oversight relies on the corporate compliance framework, which aims to ensure the Group's compliance with all banking and finance regulations, including those implemented by other departments (control functions or independent expert functions) in areas where Compliance has no dedicated expertise.

Furthermore, the process for reporting prudential non-compliance incidents was strengthened in 2022 with the creation of a new category in the Group's taxonomy, dedicated to prudential regulations and incorporated into the scope of the Compliance Incident Committees.

COMPLIANCE REMEDIATION PLAN IN THE WAKE OF AGREEMENTS ENTERED INTO WITH FRENCH AND US AUTHORITIES.

In June 2018, Societe Generale entered into agreements with the US Department of Justice (DOJ) and the US Commodity Futures Trading Commission (CFTC) to resolve their investigations into IBOR submissions, and with the DOJ and the French Financial Prosecutions Department (*Parquet National Financier* – PNF) to resolve their investigations into certain transactions involving Libyan counterparties.

In November 2018, Societe Generale entered into agreements with the US authorities to resolve their investigations into certain US dollar transactions involving countries, persons or entities subject to US economic sanctions.

As part of these agreements, the Bank committed to enhance its compliance system in order to prevent and detect any violation of anti-corruption and bribery, market manipulation and US economic sanction regulations, and any violation of New York state laws. The Bank also committed to enhance corporate oversight of its economic sanction's compliance programme.

Moreover, the Bank agreed with the US Federal Reserve to hire an independent consultant to assess the Bank's progress on the implementation of measures to strengthen its compliance programme with respect to sanctions and embargoes.

To meet the commitments made by Societe Generale as part of these agreements, the Bank developed a programme to implement these commitments and strengthen its compliance system in the relevant areas, which was officially concluded on 1 August 2022.

On 30 November and 2 December 2021, the US federal court confirmed the termination of legal proceedings by the DOJ, which confirmed that Societe Generale complied with obligations relating to the deferred prosecution agreements (DPA) of June and November 2018. In December 2020, the PNF resolved proceedings against Societe Generale and acknowledged that Societe Generale had fulfilled its obligations with respect to the public interest judicial convention.

UNITED STATES COMPLIANCE REMEDIATION PLAN

On 19 November 2018, Societe Generale Group and its New York branch (SGNY) entered into an agreement (enforcement action) with the NY State Department of Financial Services regarding the SGNY anti-money laundering compliance programme. This agreement requires (i) submitting an enhanced anti-money laundering programme, (ii) an anti-money laundering governance plan, and (iii) the performance of an external audit in 2020.

As background information, on 14 December 2017, Societe Generale and SGNY on the one hand, and the Board of Governors of the Federal Reserve on the other hand, agreed to a Cease-and-Desist order (the "Order") regarding the SGNY compliance programme to adhere to the Bank Secrecy Act ("BSA") and its anti-money laundering ("AML") obligations (the "Anti-Money Laundering Compliance Program"), and regarding some aspects of its know your client (KYC) programme.

This Cease-and-Desist Order signed on 14 December 2017 with the US Federal Reserve supersedes the Written Agreement entered into in 2009 between Societe Generale Group and SGNY on the one hand, and the US Federal Reserve and the New York State Financial Services Department on the other.

On 17 December 2019, Societe Generale SA and SGNY signed an agreement with the Federal Reserve Bank of New York (FRB) regarding compliance risk management. This agreement included the submission and approval by the FRB, followed by the implementation, of (i) an action plan to strengthen supervision by the US Risk Committee of the compliance risk management programme, (ii) an action plan to improve the compliance risk management programme in the US, and (iii) revisions of the internal audit programme concerning compliance risk management audits in the US.

At the end of 2022, Societe Generale had made considerable progress in the delivery of remedial actions.

4.11.2 LITIGATION

The information pertaining to risks and litigation is included in Note 9 to the consolidated financial statements, page 552.

4.12 MODEL RISK

Many choices made within the Group are based on quantitative decision support tools (models). Model risk is defined as the risk of adverse consequences (including financial consequences) due to decisions reached based on results of internal models. The source of model risk may be linked to errors in development, implementation or use of these models and can take the form of model uncertainty or errors in the implementation of model management processes.

4.12.1 MODEL RISK MONITORING

The Group is fully committed to maintaining a solid governance system in terms of model risk management in order to ensure the efficiency and reliability of the identification, design, implementation, modification monitoring processes, independent review and approval of the models used. An MRM ("Model Risk Management") Department in charge of controlling model risk was created within the Risk Department in 2017. Since then, the model risk management framework has been consolidated and structured and is based today on the following device.

Actors and responsibilities

The model risk management system is implemented by the three independent lines of defence, which correspond to the responsibility of the business lines in risk management, to the review and independent supervision and evaluation of the system and which are segregated and independent to avoid any conflict of interest.

The device is as follows:

- the first line of defence (LoD1), which brings together several teams with diverse skills within the Group, is responsible for the development, implementation, use and monitoring of the relevance over time of the models, in accordance with model risk management system; these teams are housed in the Business Departments or their Support Departments;
- the second line of defence (LoD2) is made up of governance teams and independent model review teams, and supervised by the "Model Risk" Department within the Risk Department;
- the third line of defence (LoD3) is responsible for assessing the overall effectiveness of the model risk management system (the relevance of governance for model risk and the efficiency of the activities of the second line of defence) and independent audit of models: it is housed within the Internal Audit Department.

Governance, steering and monitoring

A MRM Committee chaired by the Risk Director meets at least every three months to ensure the implementation of the management system and monitor the risk of models at Group level. Within the second line of defence and the "Model risk" Department, a governance team is in charge of the design and management of the model risk management system at Group level.

As such:

- the normative framework applicable to all of the Group's models is defined, applied when necessary to the main families of models to provide details on the specifics, and maintained while ensuring the consistency and homogeneity of the system, its integrity and its compliance with regulatory provisions; this framework specifies in particular the definition of expectations with regard to LoD1, the principles for the model risk assessment methodology and the definition of guiding principles for the independent review and approval of the model;
- the identification, recording and updating of information of all models within the Group (including models under development or recently withdrawn) are carried out in the model inventory according to a defined process and piloted by LoD2;
- the monitoring and reporting system relating to model risk incurred by the Group in Senior Management has been put in place. The appetite for model risk, corresponding to the level of model risk that the Group is ready to assume in the context of achieving its strategic objectives, is also formalised through statements relating to risk tolerance, translated under form of specific indicators associated with warning limits and thresholds.

Model life cycle and review and approval process

For each model, risk management is based on compliance with the rules and standards defined for the entire Group by each LoD1 player, it is guaranteed by an effective challenge from LoD2 and a uniform approval process.

The need to examine a model is assessed according to the level of model risk, its model family and applicable regulatory requirements. The independent review by the second line of defence is triggered in particular for new models, periodic model reviews, proposals to change models and transversal reviews in response to a recommendation:

- it corresponds to all the processes and activities which aim to verify the conformity of the functioning and use of the models with respect to the objectives for which they were designed and to the applicable regulations, on the basis of the activities and controls implemented by LoD1;
- it is based on certain principles aimed at verifying the theoretical robustness (evaluation of the quality of the design and development of the model), the conformity of the implementation and use, and the relevance of the monitoring of the model;
- it gives rise to an Independent Review Report, which describes the scope of the review, the tests carried out, the results of the review, the conclusions or the recommendations.

The approval process follows the same approval scheme for all models, the composition of governance bodies being able to vary according to the level of model risk, the family of models, the applicable regulatory requirements and the Business Units/Service Units in which model is applicable. Responsible for LoD2, the approval process consists of two consecutive instances:

- the Review Authority which aims to present the conclusions identified by the review team in the Independent Review Report and to discuss, allowing for a contradictory debate between LoD1 and LoD2. Based on the discussions, LoD2 confirms or modifies the conclusions of the Review Report, including the findings and recommendations, without being limited thereto;
- the Approval Authority, a body which has the power to approve (with or without reservation) or reject the use of a model, changes made to the existing model or continuous monitoring of the relevance of the model along the time proposed by the LoD1, from the Independent Review Report and the minutes of the Review Authority.

4.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

4.13.1 INTRODUCTION

Definition

Environmental, social and governance (ESG) risks correspond to the risk of negative impacts stemming from current or prospective ESG factors relating to the Group's financing, investment or service activities. Societe Generale applies the concept of double materiality when analysing such risks. This means that in addition to analysing environmental, social and governance materiality, to identify the impact of its activities on the environment and on human rights, it also analyses financial materiality, to identify risks that stand to affect the Group's economic and financial activities as a result of ESG factors.

The Group is exposed to ESG risks not only through its financing, investment and service activities, but also through its direct activities in relation to its buildings, sourcing, etc. It has updated its risk management framework to take these new risks into account and continues to make further adjustments where necessary.

ESG risks are considered factors that can aggravate the traditional categories of risk (credit and counterparty risk, market and structural risk, operational risk, reputational risk, compliance risk, liquidity and funding risk, risks related to insurance activities). They can impact the Group's activities, results and financial position in the short-, medium- and long-term. Accordingly, they are assessed on the same time horizons as for the Group's financial and operational risks.

The individual components of ESG risks can be defined as follows:

- **environmental risks** correspond to the risk of materialisation of environmental factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Environmental factors are those related to the quality and proper functioning of the natural environment and natural systems. They include factors such as climate change, biodiversity*, energy consumption and waste management;
- **social risks** correspond to the risk of materialisation of social factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Social factors are those related to the rights, well-being and interests of people and communities. They include factors such as (in)equality, health, inclusiveness, labour relations, workplace health & safety and well-being, human capital and communities;
- **governance risks** correspond to the risk of materialisation of governance factors that may adversely affect the financial performance or solvency of a sovereign or individual entity. Governance factors are those related to governance practices (executive leadership, executive pay, audits, internal control, fiscal policy, Board of Director independence, shareholder rights, integrity, etc.) and to how companies and entities take environmental and social factors into account in their policies and procedures.

The Group added ESG risk factors to its risk taxonomy in 2021 and the associated descriptions were revised in 2022 to include physical and transition risks among environmental factors and to incorporate double materiality. Its definitions are based on the EBA Report on management and supervision of ESG risks for credit institutions and investment firms (published in 2021) and the ECB's Guide on climate-related and environmental risks (published in 2020).

With a view to satisfying the Pillar 3 requirements for qualitative disclosures on ESG risks, this part of Chapter 4 explains how the Group has developed a framework to mitigate such risks. A table of cross-references to the Declaration of Extra-Financial Performance is provided in Chapter 9 (see page 682).

4.13.2 ANALYTICAL APPROACH TO EXTRA-FINANCIAL RISK FACTORS

In addition to the materiality matrix (see Chapter 5, "Dialogue with stakeholders", page 336 and following), which informs the Group's strategic analysis by clarifying its stakeholders' expectations, the Group has conducted a specific assessment to identify its extra-financial risks. Based on the results of this assessment, it has ranked its principal extra-financial risk factors according to two criteria: their potential severity and how likely they are to materialise. In doing so, the assessment considered intrinsic risk, *i.e.* the risk level before any steps are taken to minimise its impact. A time frame was applied to certain risk factors, in that a risk may be perceived as low today but intensify in the future. The methodology and findings of this assessment were submitted to the independent third-party auditor when the assessment was conducted and remain valid for the purposes of this document.

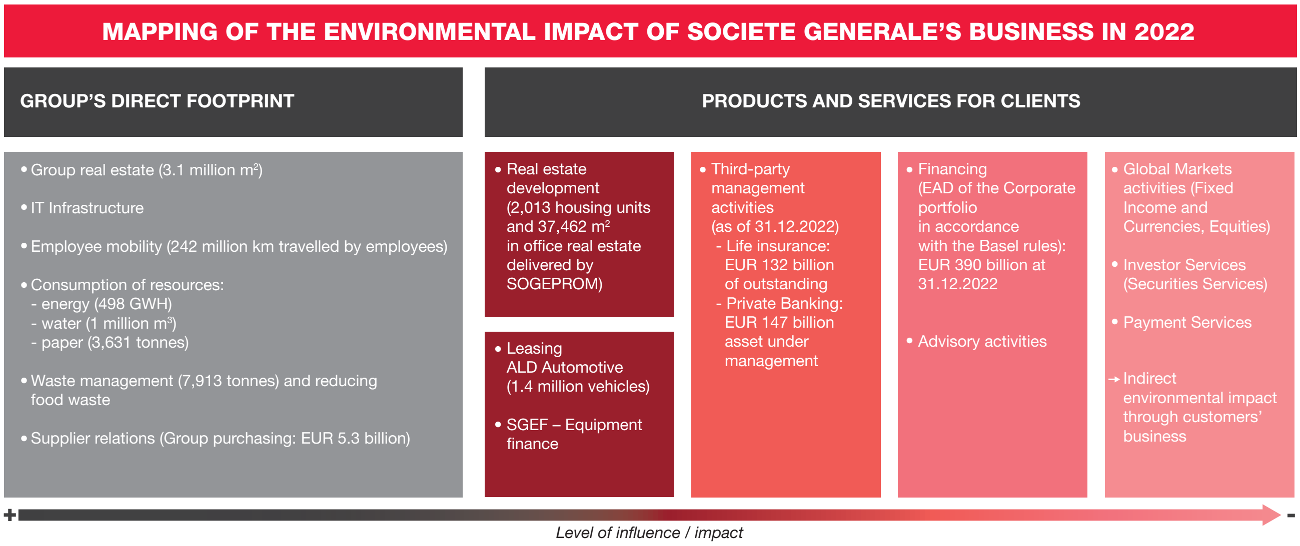
The following intrinsic extra-financial risk factors were identified as being the most significant for the Group:

- IT systems failure, including cybercrime (see Chapter 4, page 258);
- unethical business practices, including corruption, tax evasion and money laundering (see Chapter 4, page 267);
- failure to protect data (see Chapter 4, page 268);
- ESG issues arising in connection with other operational risks or negative stakeholder perception – especially among external stakeholders – and that stand to impact the Group's reputation;
- non-compliance with E&S legislation or the Group's E&S commitments, including non-compliance with labour regulations or health and safety standards (Chapter 5, "Being a responsible employer", page 293 and following).

A number of moderate extra-financial risk factors were also identified:

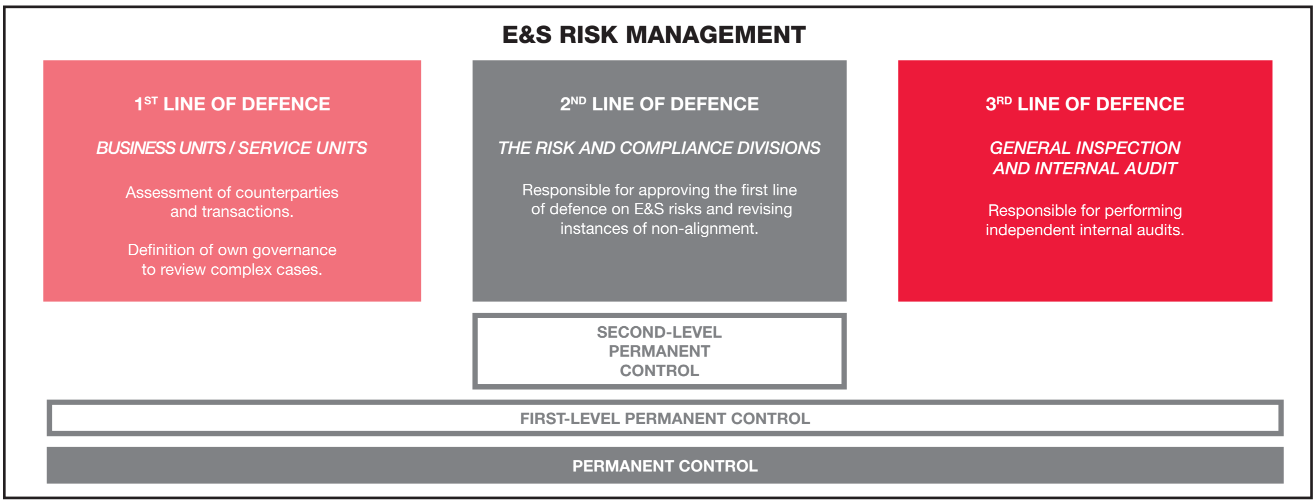
- ESG issues that may affect the Group's credit risk, especially climate-related issues, *i.e.* transition risks and physical risks. These risks could escalate over time and subsequently join the list of more significant risk factors (see Chapter 4, page 280 and following);
- inappropriate employee conduct, *e.g.*, non-compliance with the Group's Code of Conduct and Guidelines (see Chapter 5, "Being a responsible employer", page 293 and following);
- and more specifically in relation to Human Resources management, the risk of a lack of qualified staff (see Chapter 5, "Being a responsible employer", page 293 and following).

Alongside this identification process, the Group has mapped the environmental impact of its activities.



Application of the principles of separation of responsibilities in the lines of defence

Governance of ESG risks was strengthened in 2019 when such risks were included in the Group's normative documentation (see Chapter 3, page 69, Chapter 5, "Incorporating CSR at the highest level of governance", page 343).



The updated normative documentation clearly articulates the roles of the first (BU/SU) and second (Risk and Compliance Divisions) lines of defence and of the CSR Department:

- the BUs and SUs are in charge of deploying the ESG risk management system throughout their respective scopes and must comply with the Group's recommendations regarding counterparty and transaction assessments. They can call on the ESG experts present in other business lines to carry out these assessments for them. Each BU/SU designates its own governance bodies to review complex cases, request guidance and direction from the Head of the BU/SU where necessary and provide input when the Group is updating its ESG standards (see Chapter 3, page 69);
- the Risk and Compliance Divisions are in charge of the second line of defence. As such, they perform level 2 controls on ESG-related alignment, reputational and credit risks and assess the quality of the first line of defence's procedures.

There is also the Responsible Commitments Committee (CORESP), which was set up in 2019 and held six meetings over 2022. The following matters, in particular, were on the agenda at those meetings:

- changes in the Group's standards with regard to managing ESG risks, especially for the oil & gas and tobacco sectors;
- the latest commitments from the Group, such as on biodiversity* preservation and aligning its credit portfolios and internal operations with the Paris Agreement's terms;
- reviews of particularly sensitive clients and transactions from an ESG standpoint.

The Group Risk Committee (CORISQ), for its part, met 18 times over 2022. Since 2017, the CORISQ has conducted regular reviews of extra-financial risks such as IT systems failure (including the risk of cybercrime) and unethical business practices (including corruption, tax evasion and money laundering). It also reviews climate-related risks (as well as the scenario and alignment indicators used to assess these risks and the proportion of the credit portfolio exposed to them) on an annual basis. As part of this annual assessment, the CORISQ looks at the main sector-based alignment and internal monitoring indicators used, the efforts undertaken to improve the assessment methodology, and the regulatory environment for the banking sector. In its capacity as the CORISQ's secretary, the Risk Division can seek advice from the Sustainable Development Department on any CSR-related environmental or reputational matters relevant to the credit portfolio. In a significant development, the CORISQ now looks at environmental factors affecting the Group's credit portfolios when assessing credit risk. Moreover, climate risks regularly appear on the agenda for its meetings with the Board throughout the year (at least quarterly). Regular reporting to the Risk Committee is in place for all such matters. The Risk Committee's Activity Report for the year can be found in Chapter 3, page 98.

4.13.3 MANAGING ESG-RELATED RISKS IN THE GROUP'S ACTIVITIES

ESG risk management is an important factor in the processes governing how Societe Generale conducts business. The Group identifies and assesses its ESG impacts and the associated risks, and then adopts appropriate prevention or mitigation strategies.

4.13.3.1 ESG risk management framework

The Group has a number of internal processes in place (including its client assessment process – see Chapter 4, page 266) to manage its governance risks. These processes are founded on the principles of ethical business conduct and regulatory compliance and include in particular processes for managing embargos and sanctions (see Chapter 4, page 266), allocating resources (see Chapter 4, page 268), ensuring data protection (see Chapter 4, page 268) and tackling terrorism financing (see Chapter 4, page 266), corruption (see Chapter 4, page 267) and tax avoidance (see Chapter 4, page 268).

4.13.3.2 Environmental and Social (E&S) General Principles and sector policies

The E&S General Principles apply to all financial and banking transactions and services provided by Societe Generale entities. They set out the framework applicable to the Group's activities, addressing the potential ESG impact of the associated product and service offerings.

The E&S General Principles were updated in 2021. The latest version, including all Annexes, is available on the Group's corporate website (*https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*). The updates included **three statements on major cross-sector issues:**

- human rights (an update of the existing statement);
- the climate (new statement); and
- biodiversity* (new statement).

These statements set out the main reference standards on these issues and include an undertaking from Societe Generale to comply with those standards and encourage its clients to do likewise. They also detail the various initiatives the Group has joined with a view to making these issues a more central component of its economic activities.

The sector policies, referred to as the E&S policies, define the standards that the Group agrees to apply in sectors considered potentially sensitive from an E&S or ethics perspective, based on its mapping of intrinsic E&S risks. The E&S policies are publicly available on the Group's corporate website (*https://www.societegenerale.com/en/responsability/ethics-and-governance*). They cover the following sectors: industrial agriculture and forestry, dams and hydroelectric power, oil and gas, thermal power stations, thermal coal, defence, shipping and civil nuclear power. The E&S General Principles and policies are updated in line with regulatory, scientific or societal developments, peer practices and the Group's strategy.

The E&S policies all follow the same structure: they identify E&S risk factors, list the reference standards applicable to the sector or field in question, specify the scope of the activities covered (subsectors, financial and banking products and services) and may also define criteria in respect of each sector or field for:

- the Group's corporate clients (excluding financial institutions and sovereigns);
- transactions: products and services with a known underlying (for example, asset or project finance);
- securities held on the Bank's own account or on behalf of third parties;
- specific products or services, such as agricultural commodity derivatives.

The policies may include different types of criteria for each of the above-listed categories:

- **E&S exclusion criteria** are designed to exclude from the Group's activities certain types of corporate client, issuer, banking or financial product or specific service or transaction that are associated with underlying practices or activities that are damaging to the environment and/or human rights to such an extent or in such a way that improvement within a reasonable timeframe is not possible;
- **E&S priority assessment criteria** serve to identify priority risk factors requiring a targeted and systematic response as part of the assessment process. Clients that do not satisfy the assessment criteria are granted a reasonable timeframe in which to improve their practices (steps required may include a formal action plan or the signature of contractual undertakings). For specific transactions and projects, satisfying these criteria must be a prerequisite for moving beyond the development phase. When providing dedicated advisory services ahead of project development, the Group must assess the client's commitment to developing a project that will satisfy these criteria;

- **other E&S assessment criteria** are designed to identify other risk factors inherent to the sector in question that also need to be considered as part of an extra-financial assessment, and to set out the associated best practices the Group wishes to promote.

In 2022, as part of its efforts to preserve biodiversity*, the Group committed to refraining from financing projects in the sensitive sectors of oil and gas exploration and production, mining extraction, upstream industrial agriculture, reservoir dams, thermal power plants and shipyards, when located in Ramsar wetlands or IUCN category I-IV areas or on UNESCO World Heritage or Alliance for Zero Extinction sites. The Group also committed to refraining from financing oil exploration and production projects in the Arctic, as well as projects relating to the exploration, production and trading of oil from the Equatorial Amazon. Lastly, Societe Generale engaged with its corporate clients operating in the South American soy and cattle sectors, as well as in the palm oil sector (producers, traders and primary processors), in line with its commitment to curb deforestation (see the Industrial agriculture and forestry sector policy: *https://www.societegenerale.com/sites/default/files/documents/CSR/Industrial-agriculture-and-forestry-sector-policy.pdf*). The Group reviewed all of its clients within these sectors and assessed how closely aligned they were with its policy. As from January 2023, it will only provide financial products and services to those clients committed to:

- pursuing deforestation- and conversion-free activities (throughout their supply chains in addition to at their own level);
- achieving systematic traceability in their value chains;
- reporting annually to the Group on their progress.

This has already led to the Group ruling out the supply of new products and services to a number of clients.

4.13.3.3 Operational implementation procedures

ESG risk management procedures have been in place within the Group for several years for the day-to-day conduct of business. The idea behind the implementation process is to integrate E&S risk management into existing risk management processes, such as transactional, onboarding and periodic client review processes. In this way, ESG concerns are being phased in as part of Business Units' credit and reputation risk management policies and processes. These efforts continued throughout 2022, with the gradual integration of the latest changes into BU and SU processes. The scope of the system in place to manage E&S risks extends across corporate clients, dedicated transactions, products and services and issuers.

Aspects relating to E&S issues are gradually being factored in to all Business Units' credit and reputation risk management policies and processes. There are three main stages to E&S risk management:

- **E&S risk identification:** this step entails identifying whether the counterparty's activities or the transaction with that counterparty could represent an E&S risk. This is done primarily by checking whether the counterparty or its underlying activities are on the E&S exclusion list or the E&S identification list, whether they are the subject of any E&S-related controversy and whether they are covered by a sector policy (some Business Units limit this to sector policies containing exclusion criteria). This process is designed to confirm compliance with the exclusion criteria from the sector policies. In addition to these checks, governance due diligence is conducted as part of KYC procedures and measures to counter corruption, financing of terrorism, tax evasion and money laundering.

  An E&S identification list is updated by in-house experts on a regular basis and sent to all businesses concerned. This internal list details any projects, company, activity sectors or countries that are the object of severe controversy or public campaigns on the part of civil society for E&S reasons, irrespective of whether they are financed by Societe Generale. The purpose of this internal list is to alert the operational teams to potential concerns ahead of the client and transaction review process, so that they can be prepared to carry out a more in-depth E&S assessment of any transactions and clients concerned.

  In addition to the E&S identification list, there is also an exclusion list, which is likewise regularly updated and sent out to the operational teams at least once a year. This internal list indicates companies that have been excluded under the Defence sector policy due to their involvement in the production, storage or sale of controversial weapons, especially anti-personnel mines or cluster bombs. Societe Generale has pledged that it will not knowingly supply banking or financial services to such companies, their parent companies or their subsidiaries.

  The exclusion list is gradually being extended to reflect the new exclusion criteria added to certain E&S policies when they were updated. Companies can also be excluded on a case-by-case basis, for example further to E&S assessments conducted as part of onboarding processes or in relation to processes for certain types of specific activity such as coal, oil sands and Arctic oil. New tools to beef up this risk identification process are being developed and will be added over time to verify exclusion lists, check the sector policies that apply and help identify new negatives;
- **E&S assessment (of counterparties or transactions identified as presenting an E&S risk):** when an E&S risk is identified, the business line assesses compliance with the criteria from the applicable E&S policy(IES) and the Group's other ESG commitments, and weighs up the severity of any E&S controversies. This assessment may include a prospective analysis of these criteria. A policy setting out Group-wide guidelines for assessing adverse environmental and social information was issued in June 2022. Based on the conclusions of the assessment, an E&S opinion is then issued. The opinion may be positive, conditional (subject to contractual conditions, action plans, restrictions) or negative. The time horizon of the assessment depends on the financial transactions in view with the party (short-term: 0–2 years, medium-term: 3–5 years or long-term: > 5 years);
- **E&S actions:** E&S mitigation actions, which are subject to regular monitoring, may be recommended to mitigate the risks identified.

E&S assessments and actions are reviewed by the second line of defence, which will be either the Risk or Compliance Division, depending on the process (a procedure published in October 2021 gives guidelines for escalation to Compliance) and may, where necessary, be mediated by General Management through the CORESP. The Business Units are also phasing monitoring and controls into their E&S risk management processes.

In addition to identifying, assessing and defining actions to mitigate potential negative impacts, these processes also serve to identify counterparties and transactions for positive impact financing regarding sustainable development. This two-prong approach underpins Societe Generale's Sustainable and Positive Impact Finance (SPIF/SPI; see Chapter 5, "Supporting positive transformation", page 325).

To ensure a smooth and systematic roll-out of this E&S risk management framework across the Group, a new compulsory online training module was developed in 2021 for all BUs and SUs covered by the framework. It is available in 11 languages, ensuring that the same content is consistently available to everyone in the Group wherever it operates.

4.13.3.4 Operational implementation in the Group's Business Units

In the **Corporate and Investment Banking** arm, a dedicated team of experts assists the sales teams to assess E&S issues in respect of clients. This E&S analysis was until recently underpinned by a risk-based approach, with in-depth E&S assessments being reserved for clients deemed to be a priority. This situation has evolved since 2020, however, with the aim now being to eventually extend this analysis to all Corporate and Investment Banking clients (excluding financial institutions and sovereigns), regardless of their sector of activity. The purpose is to gain a better understanding of their portfolios so as to be able to support them in transitioning towards sustainable development. Another specific team of experts helps the sales teams assess and better understand the E&S impacts of transactions, which reflects the Group's voluntary commitments, notably its E&S policies and the Equator Principles.

Corporate and Investment Banking has also voluntarily implemented procedures to manage the E&S risks associated with dedicated projects and assets not currently covered by the Equator Principles (as last amended in 2020), namely in capital market transactions (equity or debt), mergers and acquisitions, and acquisition financing. The Group amended the E&S assessment form in its IT systems again in 2022 with updates to optimise the assessment process for transactions and how information is shared with the Risk Division. Over 500 employees across the various regions and business lines concerned were trained in the new process when it entered into effect. A recording of the training session remains available for those who need it.

Throughout 2022, **Private Banking** continued to consolidate and centralise CSR/ESG governance for its entire scope (France, Private Banking Europe and United Kingdom). Measures implemented include i) steps to ensure its investment processes are in compliance with European regulations on sustainable investments (SFDR and MifiD II) and ii) setting up an Ethics Committee for its asset management business. Both these measures are intended to improve E&S risk management through a stronger procedural framework and tighter ESG criteria for its responsible investment activities.

It also also aligned its exclusion policies (which are already applied to its investment universes) to financial assets provided as loan collateral. It should be noted, however, that these policies do not currently apply to ETFs* and that a tolerance threshold of 20% is applied to the share of securities non-aligned with the investment policies in the indices.

As well as the issues it already addressed in 2021, Private Banking also stepped up programmes to strengthen employee awareness of E&S risks:

- nearly 80% of staff attended a selection of training courses on ESG/CSR;
- 30% completed the "Climate Fresco" training to make them more conscious of environmental and climate risks;
- a certification plan for some of its ESG/CSR experts got under way.

French Retail Banking updated and improved its main E&S assessment process for corporate clients, including the operating method for ESG assessments and the format of client assessment forms. The assessment is performed during the client onboarding stage for companies with revenue in excess of EUR 7.5 million and reviewed every year for clients with more than EUR 100 million in consolidated revenue, and at the grant stage for medium-term loans for transactions in excess of EUR 50 million. This scope is set to be gradually expanded between now and 2025. Retail Banking's CSR team tracks progress towards achieving CSR goals and produces metrics, including for ESG risk management.

Within **International Retail Banking,** appointment of E&S experts goes back to 2019 in both of the regional divisions in sub-Saharan Africa, in both structured finance platforms in North Africa, and in the main subsidiaries in Eastern Europe and Asia. These experts support local sales departments and work closely with Sustainable Development Department experts at Group and BU level.

The Group's normative documentation has been transposed into a procedure for the Business Unit covering subsidiaries in Africa and overseas France. E&S experts were on hand to provide training when the procedure was rolled out in these subsidiaries throughout 2022 to guide the training initiatives. A new procedure was also introduced in 2021 for the structured financing platforms in Africa, detailing how their middle offices should manage E&S clauses in contracts.

E&S experts have been tightening up due diligence processes on projects covered by the Equator IV Principles. Through their work and with the help of other in-house experts and training from outside providers such as IBIS Consulting in Africa, these experts also continue to perfect their own skills.

The Group's subsidiaries **in Europe** (BRD, KB) have transposed the Group's normative documentation into their own respective normative documentation, ensuring compliance with local laws. These new procedures were deployed and implemented over the course of 2021. Employees in these subsidiaries were offered training on E&S policies.

Within **Financial Services**, Societe Generale Equipment Finance (SGEF) is in the process of adapting the E&S risk assessment framework to its clients and transactions. SGEF also performs E&S assessments on the main assets it finances, especially those manufactured by Vendor partners. Green financing is a growth area for SGEF and is the subject of regular updates with the other entities.

At **ALD Automotive*,** client E&S risk identification has been part of KYC (know your client) processes for several years, as with all Group entities. Corporate E&S experts conduct in-depth E&S assessments of priority clients. For more information, see ALD's Statement of extra-financial performance: *https://www.aldautomotive.com/Portals/international/Documents/ALD_URD2020_EN_MEL_21-04-27.pdf?ver=2021-04-27-142150-220#page=115*.

KEY INDICATORS FOR E&S RISK ASSESSMENT IN THE BUSINESS UNITS

	2020	2021	2022
For the Group			
Total number of clients (groups or units) that underwent an in-depth ESG assessment	1,015	4,743[(1)]	7,800
Number of people trained in ESG risk management	3,400	41,142[(2)]	38,000
Global Banking & Advisory (GLBA)			
Total number of dedicated transactions that underwent an ESG assessment	118	134	83
o/w transactions covered by the Equator Principles	*66*	*75*	*48*
o/w dedicated transactions assessed as part of Societe Generale's voluntary commitments	*52*	*59*	*35*
Amount of new financing for dedicated transactions having undergone an ESG assessment under the Equator Principles (EP) *(in EURbn)*	4.7	3.8	5.3
Amount of new financing for dedicated transactions having undergone an ESG assessment as part of Societe Generale's voluntary commitments *(in EURbn)*	3.2	3.4	3.2
Number of client groups that underwent an ESG assessment	153	199	296
French Retail Banking			
Number of clients (groups or units) that underwent an in-depth ESG assessment	456	3,813[(1)]	6,912
International Retail Banking			
Number of clients (groups or units) that underwent an in-depth ESG assessment	406	728	592

(1) Change due to the introduction of a follow-up procedure on E&S assessment and identification questionnaires in 2021.
(2) Change due to the introduction of compulsory CSR training for Retail Banking employees in France.

4.13.3.5 Additional E&S risk management processes related to the specific characteristics of certain Group activities

Some businesses, in light of their specific characteristics, implement their own E&S risk management processes in addition to those imposed by the Group on all activities.

Societe Generale Private Banking applies the Societe Generale ESG General Principles to manage ESG risks in its investment solutions. The asset management arm applies both the Group's Coal and Weapons exclusion list and Private Banking's own exclusion list – issuers subject to a particularly severe ESG controversy (MSCI red flags) as well as those with the poorest ESG ratings – for all direct security investments (shares and bonds). The principles apply to all assets under advisory or discretionary management. Private Banking has also applied these same exclusion rules to its advisory services since 2020, *i.e.* it no longer provides advisory on the most controversial or least favourably rated securities, although all investment and disinvestment decisions ultimately lie with the end client. Societe Generale Private Banking's investment policy is publicly available on its website here: (*https://www.privatebanking.societegenerale.com/fileadmin/user_upload/SGPB/PDF/SGPB_Investment_Policy-Sustainability_risk_and_adverse_impacts.pdf*). Following on from its responsible investor approach, Societe Generale Private Banking has a proxy voting policy for voting rights attached to securities held by the collective investment schemes (AIFs and UCITS) it manages. This policy sets out the main principles of corporate governance with which the asset management company agrees to comply, and establishes Societe Generale Private Banking's voting principles on key issues. The Proxy Voting Policy is reviewed annually to consider any legal developments or changes in Corporate Governance Codes and market practices that may have occurred over the year. It is approved by the Internal Governance Committee. The policy is publicly available on the Societe Generale Private Banking website, as is the corresponding policy for the management company, SG29: *https://sgpwm.societegenerale.com/fileadmin/user_upload/sgpwm/slider/SGPWM_-_Proxy_Voting_2021_10.pdf* and (in French) *https://sg29haussmann.societegenerale.fr/fileadmin/user_upload/SG29H/pdf/reglementation/Politique_d_engagement_et_de_vote_2022_SG29_A_Publier.pdf*

In **Insurance activities**, extra-financial risks are managed through the risk management and internal control systems. The aims of these systems are, respectively, to:

- manage risk at all times through identification and assessment, followed by the implementation of appropriate mitigating measures, where necessary;
- prevent malfunctions, ensure the suitability and effectiveness of internal processes, and guarantee the reliability, integrity and availability of financial, prudential and management information. These systems are based in particular on policies approved by the Sogécap Board of Directors which define the principles, processes and procedures implemented, as well as the governance and key metrics, for each type of risk.

More information on risk management and internal control systems can be found on pages 13 *et seq.* of the Solvency Reports on the life insurance business (in French): *https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SFCR_SOGECAP_2021_VF_01.pdf*, and for the non-life insurance activity on pages 18 *et seq.*: *https://www.assurances.societegenerale.com/uploads/tx_bisgnews/SFCR_SOGESSUR_2021_VF_01.pdf*.

4.13.4 INCORPORATING THE ENVIRONMENT IN THE RISK MANAGEMENT FRAMEWORK

4.13.4.1 Introduction

Environment risks are not a new category of risk for the Group, but rather an aggravating factor for existing categories, such as credit risk, market risk, operational risk, insurance risk and liquidity risk. This approach is aligned with current European supervisory and regulatory standards.

These risk classes that are already covered by its risk management framework (credit risk, counterparty risk, market risk, etc.) are detailed in other sections of Chapter 4, “*Risks and capital adequacy*” (p. 161 and following) and relate to the financial materiality of environmental risks.

4.13.4.2 Terminology for environmental risks

The Group uses the risk terminology suggested by the Task Force on Climate-related Financial Disclosure (TCFD) to describe climate, and by extension, environment risks: physical risks and transition risks.

TRANSITION RISK: DEFINITION AND MAIN CATEGORIES

Transition risk refers to the risk of financial losses for an institution as a direct or indirect result of the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

The journey to a low-carbon and more sustainable economy involves major legal, regulatory, technological and market changes to mitigate and adapt to climate change and protect the environment and ecosystems. The exact nature and direction of these developments, as well as how fast they occur, will affect the extent of the financial and reputational risk drivers within these transition risks for organisations. Although the TCFD’s recommendations do not specifically mention it, the Group also considers within transition risk the liability risk stemming from people or businesses seeking compensation for losses they may have incurred as a result of physical or transition risk drivers.

Table 35 gives the main identified transition risk categories and their potential financial impact for the Group and its clients (mainly in industries that are carbon intensive or that have a material negative impact on biodiversity* and on ecosystems*).

TABLE 40: TRANSITION RISKS (SHORT TERM - ST): <1 YEAR, MEDIUM TERM (MT): 1-5 YEARS, LONG TERM (LT): > 5 YEARS

Risk driver	Description of impact	Time horizon
Legal and regulatory	Carbon tax leading to higher operating costs for clients whose operations generate high emissions (as carbon markets grow or broaden in scope) or a significant environmental impact (as laws governing the exploitation of certain resources or the protection of certain ecosystems* are tightened, for example). Costs may also be pushed up by more stringent standards (such as the ban on new diesel and petrol vehicles from 2035 in Europe). All of these contributing factors are set to intensify over time. Stepped up ESG reporting requirements resulting in increased costs for companies and banks (data collection and estimation): ▪ stricter emissions reporting obligations; ▪ upcoming Green Taxonomy reporting (including for banks); ▪ european Non-financial reporting directive and forthcoming directive on corporate sustainability reporting. Potential additional capital requirements for banks for high carbon exposures (the so-called Brown Penalty) could increase the cost of access to finance for clients.	**ST-MT**
Technological	Significant investment needs go hand in hand with the green transition to develop the technologies and innovations to decarbonise the economy, devise new low-carbon products and services and more sustainable production processes. Companies’ existing business models, however, may be based on technologies that are likely to be outdated or on the use of energy sources that may become more expensive as a result of policy measures, forcing these companies to adapt to minimize the negative impact and remain competitive.	**ST-LT**
Market	Reduced demand for certain goods and/or services as consumer trends change (for example, growing demand for green financial services or for more durable and sustainable products). Change in clients’ revenue mix and sources of revenue that could reduce their overall income (for example, shifting away from oil and gas to renewables as a revenue stream). Asset revaluation (*e.g.* fossil fuel reserves, property assessments, securities valuations) potentially resulting in increased liquidity risks for coal power assets.	
Reputation	Lower demand and revenue for some sectors and stigmatised counterparties, leading to lower revenue for banks that finance these sectors and counterparties.	**ST-LT**

PHYSICAL RISK: DEFINITION AND MAIN CATEGORIES

Physical risk refers to the financial impact of environmental degradation, as well as of a changing climate, including more frequent extreme weather events and gradual changes in climate.

Acute climate-induced physical risks relate to the impacts of extreme events, including the increasing severity of extreme weather events, such as droughts, heat waves, forest fires, cyclones, hurricanes and flooding. Chronic physical risks relate to more long-term shifts in the climate, such as sustained higher temperatures, that may cause sea levels to rise, chronic heat waves, water stress or changes in the nature of the soil and its use.

When it comes to non-climate environmental risks, especially the risks arising from biodiversity* loss and damage to ecosystems, acute physical risks concern the sudden, severe and short-term impacts caused by a specific event. Here, examples include an oil spill or a chemical pollution incident that have an immediate and serious impact on the affected ecosystem*, the species that live in it and the related ecosystem* services. Chronic risks in this category refer to the long-term, gradual and persistent impacts on an affected ecosystem*, the species that live in it and the related ecosystem* services, caused by activities or processes (such as the incremental damage to an ecosystem* caused by urban development or deforestation).

These physical risks may have financial implications for organisations, such as direct damage, supply shocks (to take possession of goods or indirect impacts on the supply chain) or demand shocks (affecting downstream destination markets). An organisation's financial performance may also be affected by changes in water availability, supply and quality, food security, or extreme temperature variations affecting its premises, operations, supply chains, transport needs and employee safety.

Table 36 sets out the main identified physical risk categories and their potential impact for the Group and its clients.

TABLE 41: PHYSICAL RISKS (SHORT TERM - ST): <1 YEAR, MEDIUM TERM (MT): 1-5 YEARS, LONG TERM (LT): > 5 YEARS

Risk driver	Description of impact	Time horizon
Acute risks	The heightened severity and increasing frequency of extreme or high environmental impact weather events may result in: ▪ reduced revenue or lower output caused by impacts on the value chain (impact on its own assets as production centres, on the supply chain, or on commercial routes) or on end markets; ▪ increased capital costs (*e.g.* to repair damage to facilities); ▪ devaluation of goods as damage increases in frequency; ▪ insurance cost risk, as premiums rise (in line with increasing risk of damage) and insurability of property risk (the property may no longer covered by insurance); ▪ higher adaptation costs on top of the costs of repairing the damage.	**ST-LT**
Chronic risks	Progressive shifts in meteorological conditions (increasing temperatures, rising sea levels, etc.) or in how ecosystems* function could lead to: ▪ reduced revenue or lower output due to the adverse impact on business models and production facilities in some sectors (for example, the impact of rising temperatures on agricultural output or on the number of hours worked in the construction industry); ▪ asset devaluation in affected areas (for example erosion of property value in coastal areas subject to flooding, such as Florida); ▪ higher costs or capital losses following damage to assets and infrastructure (cracks appearing in buildings in coastal erosion areas); ▪ rising costs generated by the need to adapt to incremental climate change and its attendant investment needs – which will only increase over time.	**MT-LT**

4.13.4.3 Incorporating climate risks in the risk management framework

The following two sections present the monitoring of climate risks, the most advanced process concerning environmental risks.

As aggravating drivers for the other risks already addressed by the Group's risk management framework, climate-induced risks are managed based on the existing governance framework and processes according to a standard approach: identification, quantification, definition of risk appetite, risk control and mitigation.

IDENTIFYING CLIMATE-INDUCED RISKS

The model for identifying climate risk drivers derives from the Group's overall risk identification framework. The process applies right across the Group and aims to identify all risks that are or might be material. Comprehensive and holistic, it covers all risk types and all Group exposures.

This is a two-pillar approach to risk identification:

- Risk Management Governance and Core Committees such as the CORISQs or COFI at Group or Business Unit level or the New Product Committees;
- a series of exercises aimed at identifying additional risks.

(See "Risk identification process" and "Risk quantification and stress test system", in section 4.2.2 "Risk appetite – General framework" (page 179) for more information).

The Group performs an annual risk inventory as part of its risk identification process, which takes in a qualitative analysis of the impact of climate risk on each type of risk. Only the most material qualitative and quantitative impacts are given here. This deep dive showed that the impact of climate risk is material:

- in the short-term (one year): on both operational risk and the reputational risk driver;
- in the medium-term: on credit risk, operational risk, non-compliance risk, and business and strategy risk. In other words ESG risk drivers can also impact the reputational risk driver.

The Economic and Sector Studies Department, under the independent supervision of the Group Chief Economist, devised an in-house methodology for identifying transition and physical economic and industrial risks. They are incorporated in the Group's economic scenarios and vulnerability measurement metrics. They are kept under constant review to keep pace with changes in regulations and wider political, economic and technological developments.

Transmission channels are the mechanisms by which ESG risks impact financial risk (such as credit risk, market risk, etc.). They are defined by the EBA as "the causal chains that explain how these risk drivers impact institutions through their counterparties and invested assets". There are different types of transmission channels through which risks materialise. For Group counterparties or the assets held by the Group they may be: lower profitability, lower real estate value, lower household wealth, lower asset performance, increased cost of compliance, and higher legal costs.

Table 37 illustrates how climate-related physical and transition risks can impact the different risk categories (without considering the materiality of these impacts for Societe Generale's businesses).

TABLE 42: IMPACT OF IDENTIFIED CLIMATE-RELATED RISKS ON EXISTING RISK CATEGORIES

Risk	Physical	Transition
Credit and counterparty credit risk	Physical risk could increase the probability of default of clients (retail and corporate clients, sovereigns, financial institutions) by directly causing damage to their assets in affected areas (since production facilities, warehouses, services and decision-making centres can all be vulnerable to the impacts of physical events) or indirectly affecting their business model by disrupting supply chains, trade routes or markets. In the event of default, physical risks could make it even more difficult for the Group to recover part of its exposure, for example because the value of any pledged collateral or recoverable value has been reduced due to a higher flood risk.	Transition risks, especially for sectors affected by low-carbon transition policies (higher carbon prices, for instance), could affect the ability of clients (retail and corporate clients, sovereigns, financial institutions) to generate revenues and meet their financial commitments if they do not take the measures needed to adapt their business models, or if they cannot finance the necessary adaptation measures (such as research and development to develop low-carbon alternatives for products and services). Transition risks could also have an indirect impact on the value of client assets. For example, the value of fossil fuel reserves, such as coal and oil, are likely to fall as economies move to lower-carbon models, creating what are known as "stranded assets", in turn reducing the value of collateral used to secure funding.
	In addition to credit risk (defined above) for Group counterparties, another distinctive characteristic of counterparty credit risk is its dependence on the degree of exposure to that counterparty, a factor that is sensitive to changes in market conditions. A transition or physical risk can have an impact on market sentiment or conditions.	

<table>
<tr><th>Risk</th><th>Physical</th><th>Transition</th></tr>
<tr><td>Market</td><td>Severe and acute physical events may lead to shifts in market sentiment and could result in sudden repricing. For example, hurricanes affecting business premises in certain areas may impact market expectations regarding their ability to generate revenue, and therefore the value of their stock.</td><td>Transition risks arising from regulatory, legal, technological or market sentiment drivers may bring about abrupt repricing of securities and derivatives, cause liquidity to dry up or asset decorrelation. The value and liquidity of products associated with sectors vulnerable to transition risk could reduce over time and assets could become decorrelated from other sectors.</td></tr>
<tr><td>Operational</td><td>Physical events could have an impact on Societe Generale's own sites and on its ability to continue to provide services to its clients.</td><td>Failure to comply with disclosure requirements on transition risk could expose the Group to legal proceedings or fines. Failure to meet public pledges to transition to a low-carbon economy could lead to reputational risk that could stigmatise banks and reduce revenue as clients are displaced. An additional reputational risk could also arise if external stakeholders perceive a commitment as inappropriate or not going far enough.</td></tr>
<tr><td rowspan="2">Insurance</td><td>Increasingly frequent and severe physical events could have an impact on the non-life (fire, accident and general insurance) insurance business.</td><td></td></tr>
<tr><td colspan="2">Physical and transition risks could change the value of the assets in which the premiums collected by the insurance businesses are invested in. Asset devaluation triggered by transition risk could affect the ability of insurance businesses to meet their financial commitments.</td></tr>
<tr><td rowspan="2">Liquidity</td><td>Damage to clients' property caused by increasingly frequent physical events could impact banks' liquidity risk through customers' demands for liquidity to repair the damage. A major weather event that disrupts an important financial services centre or data centre could trigger an operational event that prevents the Group from operating in a key financial market.</td><td>Non-alignment of the Bank's activities with the objectives of the Paris Agreement could have a negative effect on its extra-financial rating. A downgrade could exclude its securities from the investment universe of some asset managers. A regulatory change by a major central bank to impose stricter ESG criteria for eligible collateral (or to introduce a "green factor" into its monetary policy) could cut into the Group's ability to pledge certain assets to that central bank's monetary operations.</td></tr>
<tr><td colspan="2">An abrupt repricing of securities in response to extreme weather events or a sudden shift to a more restrictive carbon policy may reduce the value of banks' high quality liquid assets, thereby affecting liquidity buffers.</td></tr>
<tr><td>Reputation</td><td colspan="2">ESG – especially environmental – concerns have moved ever higher on the agenda for economic stakeholders and public opinion leaders. In the short term, the Bank could be exposed to reputational risk either directly (by failing to deliver on its sustainability promises) or indirectly (the knock-on effect of damage to a client's reputation). Failure to deliver on its sustainability commitments could result in litigation and risk to its image that could cause a negative commercial impact for the Group.</td></tr>
<tr><td>Compliance and legal</td><td colspan="2">The environmental risks considered likely to have a significant impact on compliance risk in the medium to long term are primarily the risk of non-compliance with sustainability commitments. These risks are based on i) risk of non-compliance with laws or not delivering on the Bank's voluntary environmental and social commitments, especially those published in its sector policies; ii) risk of non-compliance with regulations on sustainable investment.</td></tr>
</table>

ESG risks in general and climate change risks in particular are included in the Group-wide process that aim to continuously identify all significant or potentially significant risks. This is a two-pillar approach:

- governance of risk management, which now includes systematic analysis of ESG risks by the Governance Committees, including:
  - the Risk Committees (CORISQ) in the Group or the Business Units,
  - the New Product Committees, which have started to include an impact assessment of climate and environmental risks;
- a series of exercises to identify any additional risks are organised by risk type. These simulations can be triggered by market, sector or macroeconomic developments, regulatory requirements or changes in the business model.

QUANTIFYING CLIMATE RISKS AND CLIMATE STRESS TESTS

Stress testing for climate risk is a valuable tool to assess how resilient institutions are to changes in the market. The set of scenarios includes future developments in the energy transition, carbon emissions trajectories or severe climate events.

The Group has made significant progress in recent years with developing and onboarding of tools and methodologies to include climate risk in its overall stress tests.

In 2020, it voluntarily took part in two pilot stress testing exercises organised by the French Prudential Supervisory Authority (*Autorité de contrôle prudentiel*, ACPR) and the European Banking Authority (EBA).

The Group was also included the ECB's climate risk stress test exercise in the first half of 2022. The European Central Bank designed the first climate resilience stress test covering the European economy to help supervisory authorities and financial institutions to assess the impacts of climate risks on companies and banks over the next 30 years.

Three modules formed the basis of the exercise, including one module stressing credit and market risk under different short- and long-term scenarios and covering both physical and transition risks, as well as questionnaires on operational and reputational risks.

The ECB presented these stress tests as a joint learning exercise aimed at enhancing both banks' and supervisors' capacity to assess this risk. Participation in the exercise and the feedback received from the ECB provided important leverage for the Group to improve how it takes climate risk factors into account in the Group's stress test framework, and to accelerate the development and formal drafting of its methodology.

In 2022, the Group approved the principle of including a climate stress test based on different scenarios in its stress test framework. The stress test should be conducted at least once a year over medium and long time horizons and cover transition and physical risks. It can either be overall or specific to a portfolio.

RISK APPETITE

See "Measures to manage ESG risk" in section 4.2.1 "Risk appetite" (page 179).

In addition, elements relating to sectoral policies are presented in the first part of section 4.13 (273) and on alignment issues in Chapter 5, "Aligning our activities with pathways consistent with a maximum temperature rise of 1.5 °C", pages 319 and following.

GOVERNANCE OF CLIMATE RISK MANAGEMENT AND MITIGATION

The Group uses a range of tools and indicators to measure, manage and mitigate ESG risks:

- alignment measures: the Group has publicly set itself six alignment targets as part of its climate strategy (on coal-fired power and mining, upstream oil and gas, power generation, primary and secondary energy financing, shipping and ALD Automotive);
- tools to assess the climate vulnerability of its counterparties (the Corporate Climate Vulnerability Indicator or CCVI), the industries in which its clients operate (the Industry Climate Vulnerability Indicator or ICVI) and sovereigns (the Sovereign Climate Vulnerability Indicator or SCVI). The CCVI focuses particularly on transition risks, whereas the ICVI assesses both transition and physical risks. The Group uses both the CCVI and ICVI in various sectors (see section 4.13.4.4, "Processes and tools for identifying and managing climate risk" page 284);
- E&S guidelines and general policies: the Group has developed an E&S risk management framework based on its E&S General Principles and sector policies.

The Group has also defined appropriate internal governance structures and decision-making processes to manage its ESG risks and the associated limits and boundaries (see "Application of the principles of separation of responsibilities in the lines of defence" in section 4.13.2: "Analytical approach to extra-financial risk factors" (page 273)) ESG related risks and limits are managed within this framework.

Furthermore, the Group seeks to mitigate climate risks through its commitments (set out in Chapter 5, "Taking action and building a sustainable future together", page 314), its sector policies and risk diversification (both sector and geographical diversification) and the various specific tools it has adopted for such purposes (described in section 4.13.4, "Processes and tools for identifying and managing climate risk").

In 2022, the Group launched a study on how climate and environmental risks could affect the value of assets used as collateral (especially real estate collateral). It rolled out its data collection process for the Energy Performance Certificate (EPC) – a key component in assessing energy transition risk – and circulated guidelines on how this risk should be taken into account when considering whether to grant loans. It is currently in the process of developing tools to identify physical risks too, as well as a method for assessing how they, in turn, can affect the value of collateral. Studies on other types of collateral are slated for 2023.

When it comes to estimating expected credit losses, upwards or downwards adjustments may need to be made to the results obtained using the existing models, based on the sector in question. Where possible in light of the provisioning horizon, a qualitative analysis of the potential impact of climate risks on expected credit losses forms part of the review process for these adjustments (see also Note 3.8, "Impairment and provisions" page 450, in the Notes to the consolidated financial statements included in this Universal Registration Document).

SCENARIOS

Strategic planning requires the use of forward-looking scenarios. It is impossible to predict the magnitude of climate risks and when they might materialise with total certainty, regardless of the region in question. Political and societal choices, as well as future technological developments, can all have an influence. This is why it is important to consider how various situations might affect climate risks and opportunities.

Analysing different scenarios is a way of exploring a series of plausible possible futures in terms of climate change and offers a logical foundation on which to base reasoning and strategy for those possible futures. It is an approach designed to minimise the risk of bias introduced through expert judgements and can help forge connections with existing frameworks as they are built out.

The Department of Economic and Sector Studies has been developing its climate analysis on macro and sectoral impacts for several years and now integrates climate considerations, carbon price and economic policy actions into the economic scenario.

It also plans to strengthen its sector analysis tools in 2023 by working up an in-house sector-based central stress scenario to add to its climate scenarios.

The department has an advisory role too, making recommendations to the Environmental Risk Committee on which scenario is best suited to the latter's various risk assessment exercises.

4.13.4.4 Processes and tools for identifying and managing climate risk

The following processes and tools – currently at varying stages of maturity – all help the Group consider the impact of transition and physical risks on a range of risk factors and portfolios.

CORPORATE CLIMATE VULNERABILITY INDICATOR (CCVI)

The impact of transition risk on the credit risk of Societe Generale's corporate clients has been identified as the Group's main climate risk. It was therefore the first area of focus for the Group when developing its climate risk framework.

In order to assess this impact, the Group gradually incorporated a Corporate Climate Vulnerability Indicator (CCVI) into the credit risk assessments it performs on its most exposed counterparties in particularly vulnerable sectors.

More specifically, the CCVI (designed in 2017) measures the marginal impact of transition risk on a borrower's solvency (looking at their whole group), using a seven-level scale ranging from High Positive to High Negative. It shows how a credit rating is set to evolve over a 20-year period, assessing vulnerability in parallel with the Group's internal rating, which is based on the one-year probability of default. It covers seven different macrosectors: oil and gas, metals and mining, power, automotive, aviation, shipping and French commercial real estate. The CCVI rating for each sector is determined using a decision tree incorporating up to six criteria.

The Group's approach for measuring transition risks was inspired by the United Nations Environment Programme Finance Initiative (UNEP FI), to which the Group contributed in 2018 along with 15 other international banks. In a nutshell, it aims to assess transition risks by quantifying the marginal impact of a given climate scenario on the credit rating of borrowers in certain priority sectors, assuming they do not implement any adaptation measures. The climate scenario used is approved by the Environmental CORISQ each year based on a recommendation from the Economic and Sector Studies Department.

A specific governance framework has been developed for transition risk assessment. The first line of defence (LOD1) calculates a borrower's CCVI using the above methodology and can adjust the assessment process (and the resulting CCVI) in light of the borrower's specifics. The Risk Division, as second line of defence (LOD2), then validates that CCVI. The CCVI is reviewed once a year, at the same time as the internal rating. Moreover, the CORISQ annually reviews how the CCVI is being used and the results from the eligible regions.

The CCVI pinpoints clients that are vulnerable to transition risks, prompting a review of their transition strategies. When a borrower is identified as being vulnerable or highly vulnerable, the client relationship manager discusses their transition risk strategy with them before issuing an opinion. When a borrower has long-term exposure, the financing risk at maturity is an important consideration, as is the timeliness of their strategic shift in light of the relevant scenario. If the borrower is too slow to adapt, they could find themselves struggling to raise sufficient liquidity to finance their transformation plans.

The Economic and Sector Studies Department is currently working on a new methodology for the CCVI and ICVI (Industry Climate Vulnerability Indicator) with the aim of: (i) extending the sector coverage (to include all Corporate client sectors, except for financial entities), (ii) taking companies' climate strategies into account, and (iii) including more quantitative data to back up the experts' opinions.

INDUSTRY CLIMATE VULNERABILITY INDICATOR (ICVI)

The Industry Climate Vulnerability Indicator (ICVI) assesses the ability of the industry sectors covered to withstand the consequences of climate-related risks (physical and transition risks) and to adapt to moderate potential damage. This initial assessment indicates how vulnerable each sector is to the physical and transition risks of climate change, making it possible to identify those that are most at risk but also those that stand to gain from the situation. Each sector is awarded a score for physical and transition risks, adding to the information gleaned through other sector assessments.

Physical and transition risks affect many different components of a counterparty's business ecosystem, including the macro-environment and relevant government agencies, its supply chains, operations and assets and the market. When assessing an industry sector's vulnerability to physical and transition risks, the Group therefore considers a long list of factors, including those set out below.

To ensure that it does not underestimate the risks, the Group bases each sector's final score on those companies within that sector found to have the least well developed climate strategies.

Panels and financial quantifications of risk are reviewed where possible, but reporting on climate-related financial data and risk assessments is not yet widespread. With future developments in climate-related reporting standards, the Group expects to be increasingly able to rely on quantitative analysis when updating its assessments. At this stage, however, the process is primarily based on expert knowledge of each individual sector.

The ICVI's seven-level scale, ranging from High Positive to High Negative, indicates the impact of physical and transition climate risks for a given counterparty.

TABLE 43: FACTORS CONSIDERED IN THE INDUSTRY CLIMATE VULNERABILITY ANALYSIS

	Sensitivity	Adaptability
Macro-environment	▪ Economic dependence on sectors exposed to climate risk ▪ Economic dependence on emissions-intensive sectors ▪ Dependence on subsidies ▪ Regulated market	▪ Flexibility in fiscal and monetary support policies ▪ Degree of development
Supply chain	▪ Supplier's natural resource intensity ▪ Supplier's emissions intensity ▪ Supplier's ability to pass on costs	▪ Producer's ability to make changes in its supply chains ▪ Producer's ability to switch to low-carbon suppliers or inputs
Operations and assets	▪ Impact of weather conditions and natural resources availability/price on production (productivity, yields, costs) ▪ Suitability of engineering & design for adverse weather conditions ▪ Producer's emissions intensity ▪ Asset's capital intensity ▪ Insurance availability and coverage	▪ Producer's capacity (technical and financial) to adapt facilities for operation in adverse weather conditions ▪ Potential for and affordability of producer's emissions reductions ▪ Producer's capacity (technical and financial) to develop new products/technologies
Market	▪ Weather-dependent consumption ▪ Availability of alternative low-carbon products or services ▪ Market elasticity on price ▪ Diversification in sales ▪ Consumption emissions intensity	▪ Producer's capacity to shift customer base ▪ Producer's capacity (technical and financial) to develop new low-carbon products/technologies ▪ Producer's ability to pass on costs

SOVEREIGN CLIMATE VULNERABILITY INDICATOR (SCVI)

The Sovereign Climate Vulnerability Indicator (SCVI) expresses how vulnerable a country is to climate-related risks, with a view to assessing the direct impact on the associated country risk, *i.e.* on the country's ability and willingness to honour its external debt commitments.

Developed in-house, the SCVI assesses vulnerability to both physical and transition risks and is designed for use with a range of different climate change scenarios. It is based on publicly available and well recognised data sources (World Bank, Food and Agriculture Organization, etc.). For each variable, countries are ranked from least vulnerable (0) to most vulnerable (1) and the indicator is then calculated as an average of these rankings. Data availability and frequency of updates remains an issue; as more data become available, the scope of the SCVI will be extended accordingly. At present, it covers 114 countries, representing 96% of the global economy measured by GDP and 88% of the global population. Countries not covered are those for which data are not currently available.

- The physical risk score ranks countries according to their vulnerability to both extreme weather events and physical changes due to rising global temperatures – *i.e.* climate-related issues that are likely to adversely impact their public and external finances. The data taken into account when establishing this score include, for example, data on the country's shared water resources and on the proportion of its population living less than five metres above sea level.
- The transition risk score ranks countries according to their vulnerability to the risks associated with shifting to a lower-carbon economy, which could adversely affect public and external solvency in two ways: (i) due to the cost associated with such a shift, and (ii) due to the opportunity cost of stranded assets, which may translate into lower foreign exchange revenues for instance, dragging down a country's external metrics. The data taken into account when establishing this score include, for example, data on the country's dependency on energy imports and on how carbon intensive its economy is.

IDENTIFYING HOW PHYSICAL RISK AFFECTS CREDIT RISK, USING SCENARIO ANALYSIS

The Group has opted to focus on developing its own in-house tools to identify physical climate-related risks. Its R&D work on the impacts physical risks can have on its portfolios began with the French retail mortgage portfolio, where it can pinpoint the precise location of the assets financed. It is much harder to locate all assets, facilities and sites owned by the Group's corporate borrowers, as explained below.

The Group's initial assessment of the impact of physical risk on its French mortgage loan portfolio culminated in a special study submitted to the CORISQ back in 2018. In this study, the Group estimated the total value of its residential mortgage loans exposed to the extreme physical events that represent the biggest threats to property. It did so by comparing the location of the properties financed to a map showing the areas most at risk of drought, flooding and storm surges. It also developed a proprietary web application to show exactly which places are most at risk of these extreme events (with a level of specificity ranging from *départements* down to individual municipalities).

In 2021, the Group updated its study for the first time, integrating the latest data as well as historical data and adding forest fires to the list of extreme events considered. It also adapted its web application accordingly, adding in corresponding new features.

In 2022, the Group further developed its physical risk assessment tools. The study now covers a wider geographical scope, including the rest of Europe in addition to France. The focus is on the most extreme events, especially drought, flooding and forest fires. New models have been developed to estimate the risk of future droughts, flooding and forest fires over various different time horizons, based on the IPCC's Representative Concentration Pathway (RCP) scenarios (using RCP 4.5 as the benchmark scenario and RCP 8.5 as the worst-case scenario). And by laying forecasting maps over a map showing the location of its counterparties' assets, the Group can now identify at a glance the types and level of physical risk to which a given company is exposed in France.

The Group also took part in the ECB's stress tests, gaining valuable insight for its study on the physical risks affecting its Corporates portfolio (see "Quantifying climate risks and climate stress tests", page 282).

TREATING PHYSICAL RISK AS PART OF THE GROUP'S OPERATIONAL RISK

Societe Generale defines operational risk as the risk of losses resulting from human error, external events, or inadequacies or failures in processes or systems. It assesses the physical risks to its assets and operations as part of its operational risk monitoring. The Group performs analysis region by region and the results feed into its business continuity plans (BCPs) designed to address local risks. A climate event could impact some or all of its facilities and human or technical resources. The Group has thus developed an approach to assess how climate change could affect its most sensitive sites and data centres by increasing the risks of flooding, heatwaves and black-outs, as well as the consequences of such events (for staff, buildings and IT) as covered by its existing BCPs. For certain specific locations, the Group's assessment includes additional scenarios, such as typhoons and heavy rains in Hong Kong, or hurricanes and snowstorms in New York. Some of these scenarios (such as flooding from the Seine in France or flooding of Chennai in India) are included in the internal models used to calculate operational risk capital requirements.

DATA ISSUES

Data and data analysis are key in enabling financial institutions to identify and manage climate risks. High quality data are a prerequisite to successfully quantifying and assessing such risks.

The Group gathers data from various sources: counterparties, public databases, research institutes and data providers. It is continually striving to expand its supplier base (with a view to obtaining better data on certain sectors) and adopt the right data collection processes (especially for energy performance certificates) so as to achieve optimal data coverage.

However, the challenges remain significant in terms of improving the completeness and quality of the data. To a certain extent, the Group is limited by what its corporate counterparties choose to report.

The application of proxies also remains necessary in certain cases in the event of data not being available.

4.13.4.5 Biodiversity and nature risks

Biodiversity plays a key role in regulating the Earth's system. When it is threatened, this in turn poses a threat to our planet's habitability (NGFS, 2022). From a financial stability perspective, there are two main ways in which biodiversity loss poses a potentially significant threat:

- first, economic activity and financial assets are dependent upon the ecosystem services provided by biodiversity and the environment: this raises the prospect ofphysical risks to finance if these services are undermined;
- second, economic activity and financial assets in turn have impacts on biodiversity and could therefore face risks from the transition to a naturepositiveglobal economy.

The Group has already begun looking into its risks in relation biodiversity and nature.

Subsequently, the ambition is to set up an industrial biodiversity vulnerability indicator (Industry Biodiversity Vulnerability Index – IBVI). This new indicator will follow the same approach as the ICVI and will be introduced in 2023.

(See also Section 5.2.1.1, "Taking action and building a sustainable future together" (page 312) and section "Biodiversity" (page 318)).

4.14 OTHER RISKS

4.14.1 RISK RELATED TO INSURANCE ACTIVITIES

The Group is also exposed to a variety of risks linked to this business through its insurance subsidiaries. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims.

Management of insurance risks

There are two main types of insurance risks:

- underwriting risks, particularly risk through life insurance, individual personal protection and non-life insurance. This risk can be biometrical: disability, longevity, mortality, or related to policyholders' behaviour (risk of lapses). To a lesser extent, the Insurance business line is also exposed to non-life and health risks. Such risks can come from pricing, selection, claims management or catastrophic risk;
- risks related to financial markets and ALM: the Insurance business line, mainly through life insurance on the French market, is exposed to instabilities on the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by policyholder behavior.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks are monitored and regularly reported, they are framed by risk policies validated by the Board of Directors of each entity.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy as long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Departments of the Insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behaviour (redemption);
- close monitoring of financial markets;
- hedging against exchange rate risks (both rising and falling);
- hedging downside equity risk;
- defining thresholds and limits per counterparty, per issuer rating and assets class;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA Report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

Insurance risk modeling

The models are reviewed by the Insurance Risks Department, which is the second line of defence in the context of model risk management. The review works relate to the theoretical robustness (evaluation of the quality of design and development) of the models, the use of the model, the conformity of the implementation and the continuous monitoring of the relevance of the model over time. The independent review process ends with (i) a report describing the scope of the review, the tests performed, the results of the review, conclusions or recommendations and by (ii) validation Committees. The model control system gives rise to recurring reporting to the appropriate bodies.

4.14.2 INVESTMENT RISK

The Group has limited appetite for financial shareholdings in proprietary private equity operations. The types of acceptable private equity operations chiefly involve:

- commercial support for the network through the private equity business of the Group's retail banking networks in France and certain foreign subsidiaries;
- shareholdings in innovative companies, either directly or through private equity funds;
- shareholdings in financial services companies such as Euroclear and Crédit Logement.

Private equity investments are managed directly by the networks concerned (the Group's retail bank in France and foreign subsidiaries) and are capped at EUR 25 million. Any investments above this threshold must be approved by the Group Strategy Department based on a file submitted by the Business Unit in conjunction with its Finance Department. The file must set out arguments justifying an investment of the allotted size, with details of:

- the projected outcome;
- the expected profitability based on the consumption of the associated capital;
- the investment criteria (typology, duration, etc.);
- the risk analysis;
- the proposed governance.

The Group's General Management must approve the investment amount if it exceeds EUR 50 million and must base its decision on the opinion delivered by the Strategy Department, the Finance Department, the General Secretariat and the Compliance Department. At least once a year, the relevant Business Unit must submit a status report to the Strategy Department tracking the operations and the use of the allocated investment amount.

Other private equity minority investments undergo a dedicated validation process for both the investment and divestment phases. They are approved by the Heads of the Business Units and the entities concerned, by their Finance Department and the Strategy Department. Approval must also be sought from the Group's General Management for amounts over EUR 50 million, and from the Board of Directors for amounts exceeding EUR 250 million. These files are assessed by the Strategy Department with the assistance of experts from the Services Units and Business Units involved in the operation, comprising at least the Finance Department, the General Secretariat's Legal and Tax Departments and the Compliance Department. The assessment is based on:

- a review of the proposed shareholding;
- the context of the investment and the reasons for going ahead with it;
- the structuring of the operation;
- its financial and prudential impacts;
- an evaluation of the identified risks and the resources employed to track and manage them.

4.14.3 RISK RELATED TO OPERATING LEASING ACTIVITIES

Risk related to operating leasing activities is the risk of management of the goods leased (including the risk on residual value mainly, and risk on the value of the repair, maintenance and tires to a lesser extent), excluding the operational risk.

Residual value risk

Through its Specialised Financial Services Division, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected).

RISK IDENTIFICATION

Societe Generale Group holds, inside its ALDA Business Units (automobile leasing activity) cars on its balance sheet with a risk related to the residual value of these vehicles at the moment of their disposals. This residual value risk is managed by ALD Automotive (ALDA).

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value and (ii) additional depreciation booked during the lease term if the expected residual values of its vehicles decline below the contractual residual value. The future sales results and estimated losses are affected by external factors like macroeconomic, government policies, environmental and tax regulations, consumer preferences, new vehicles pricing, etc.

ALDA gross operating income derived from car sales totaled EUR 747.6 million at 31 December 2022 versus EUR 437.7 million at 31 December 2021.

RISK MANAGEMENT

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used by ALDA as a basis for producing vehicle lease quotations.

A Residual Value Review Committee is held at least twice a year within each operating entity of ALDA. This Committee debates and decides residual values, taking into account local market specificities, documenting its approach, ensuring that there is a clear audit trail.

A central ALDA team dedicated to control validates the proposed residual values prior to their being notified to the operating entities and updated in the local quotation system. This team informs ALD's Group Finance Director and Risk Manager in case of disagreements.

Additionally, the fleet revaluation process determines an additional depreciation in countries where an overall loss on the portfolio is identified. This process is performed locally twice a year for operating entities owning more than 5,000 cars (once a year for smaller entities) under the supervision of the central team and using common tools and methodologies. This depreciation is booked in accordance with accounting standards.

4.14.4 STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic trajectory and reviews them at least once a year. Moreover, the Board of Directors approves strategic investments and any transaction (particularly disposals and acquisitions) that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out under the authority of General Management, by the General Management Committee (which meets weekly without exception), by the Group Strategy Committee and by the Strategic Oversight Committees of the Business Units and Service Units. The composition of these various bodies is set out in the Corporate Governance chapter of the present document, Chapter 3 (see pages 69 and following). The Internal Rules of the Board of Directors (provided in Chapter 7 of the present document, at page 650) lay down the procedures for convening meetings.

4.14.5 CONDUCT RISK

The Group is also exposed to conduct risk through all of its core businesses. The Group defines conduct risk as resulting from actions (or inaction) or behaviours of the Bank or its employees, inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for its stakeholders, or place the Bank's sustainability or reputation at risk.

Stakeholders include in particular the clients, employees, investors, shareholders, suppliers, the environment, markets and countries in which the Group operates.

See also "Culture & Conduct programme" (see page 184).

5

CORPORATE SOCIAL RESPONSIBILITY

Our planet's resources are not infinite – a fact thrown into sharp relief by the energy crisis sparked by the war in Ukraine. And so we find ourselves forced to face up to the need for far-reaching change in society and how we do things. As a result, efficiency is now the watchword in economic circles. Due to the role banks play in financing the economy, public perception of them is evolving and their stakeholders' demands of them expanding.

Societe Generale is well positioned to adapt its activities to this new environment. With its corporate purpose - "Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions" - and its materiality matrix (see page 336) squarely in mind, the Group has reaffirmed its Corporate Social Responsibility (CSR) Ambition. Details of this CSR Ambition and how it infuses the Group's business model are given in Chapter 1 (see page 8). To learn about how the Group translates its CSR Ambition into actions and results, see Chapter 2 (page 46).

Driven by its core values of Innovation, Team Spirit, Commitment and Responsibility, the Group is pursuing a fair and inclusive environmental transition, in keeping with the highest standards of governance (see Chapter 3, page 69), ensuring rigorous risk assessment and management systems for both financial and non-financial risks (see Chapter 4, page 161) and regularly reviewing the impact of its activities (see "Duty of Care Plan", page 361).

As a signatory of the UN Principles for Responsible Banking, the Group believes it has a duty to conduct its activities responsibly and to do its utmost to help its clients towards a fairer and more inclusive economy.

This requires Societe Generale to be exemplary in everything it does. The first part of this chapter therefore looks at the transformation projects undertaken by the Group in its role as a responsible employer, a responsible purchaser and a company that cares about the environment (see Part 1, "Being an exemplary financial company", page 293).

The Group wants to be a force for change for its clients. To help it achieve this, it draws on its technical expertise and capacity for innovation, as well as its international reach. The second part of this chapter looks at how Societe Generale is promoting dialogue with its stakeholders (see 2.2 "A mindful bank", page 335) and supporting its clients (see 2.1.3 "Supporting positive transformation", page 325), as well as adapting its own governance (see 2.3 "A respectful and transparent bank", page 343).

Words followed by an asterisk have a specific definition and appear in the Glossary on page 682.

Quantified indicators can be found here: *https://www.societegenerale.com/sites/default/files/documents/2022-04/Corporate-social-responsibility-Group-key-figures.xlsx.*

5.1 BEING AN EXEMPLARY FINANCIAL COMPANY

5.1.1 BEING A RESPONSIBLE EMPLOYER

	2020	2021	2022
Group headcount (at end of period, excluding temporary staff)	133,251	131,293	117,576
Full-Time Equivalents (FTEs)	126,391	124,089	115,466
Number of countries	61	66[(1)]	66

(1) Including the new ALD entities in Belarus, Bulgaria, Chile, Colombia and Peru.

Societe Generale makes its social impact and its responsibility as an employer towards the Group's 117,500 employees in 66 countries a top priority.

Monitoring quality of working life and the diversity and professional development of its teams is crucial to encouraging employee engagement within the Group and optimising performances.

And so, as part of its commitment to being a responsible employer and respecting human rights, the Group takes active steps to stay on top of the social and operational risks related to its human resources management. This ensures that its operations comply with regulations (labour law, health and safety standards, social legislation, etc.) and with the internal rules it has established, while also securing business continuity and decent working conditions for its employees.

Details on the Group's commitments, the main human resources indicators it monitors and the associated policies and initiatives it deploys can be found in five reports, each covering one of the Group's five priority areas in human resources (see *https://www.societegenerale.com/en/news/all-news/2021-responsible-employer-reports*).

Key human resources (HR) risks

GOVERNANCE OF KEY HR RISKS

The risks related to human resources management are covered by the Group's general risk management system, which is organised into three lines of defence and applies to all sites (see Chapter 4, "Organisation of permanent control/Operational risk management system", page 258).

The HR Department and its teams draw on:

- **global policies** in the various HR areas, governing human resources management in each of the Group's BUs, SUs and subsidiaries;
- **processes covering the five key missions for an employer:** (i) ensuring administrative management of human resources and payroll, (ii) managing employees' careers, (iii) defining and managing compensation and benefits, (iv) managing jobs and skills, and (v) defining and managing social policies;
- **operational procedures and user guides** aimed at securing operations and ensuring satisfactory knowledge management within the Group;
- **indicators** to inform internal oversight.

The HR Department and its teams are also covered by the Group's risk management and permanent control systems, including:

- **a set of controls on key HR processes** deployed throughout the Group;
- **risk identification and prevention** exercises;
- **business continuity plans** and crisis exercises.

The Audit and Inspection teams also carry out **periodic checks** on HR activities.

DETAILS OF KEY HR RISKS AND HOW THEY AFFECT SOCIETE GENERALE

In line with the Group-level risk mapping detailed in Chapter 4.1 (see "Risk factors", page 163), the HR Department has carried out its own risk assessment and identified three chief HR risks for Societe Generale and its subsidiaries.

Economic conditions and structural factors affecting the Group's activity and HR management

As an international group, Societe Generale operates within a competitive and changing environment, in which:

- new players and new technologies are disrupting the banking sector's make-up and revolutionising how it handles labour relations and conducts business with clients;
- traditional ideas surrounding how we work and how businesses operate have been shaken up by the climate and social crises, leading to greater individual and collective awareness of what is at stake with digitalisation and working conditions in particular;
- the economic, social and environmental fall-out from the pandemic weighs heavily on individuals, in both their professional and their personal lives.

In light of these structural and economic factors, the Group is stepping up its transformation efforts in a bid to address the new challenges arising for its businesses, such as:

- intensifying market competition, particularly for candidates with IT and data expertise;
- evolving working arrangements and aspirations and demands from employees in terms of how they relate to their work and their employer;
- emerging needs in response to environmental, social and governance issues.

The Group recognises the impact of this accelerating pace of change and the HR risks that come with it.

Key HR risks

The Group has identified the following HR risks that could affect its business continuity and its ability to implement its strategy and transformation plans:

1. **lack of qualified staff** and the resulting risks of high staff turnover and loss of skills and expertise;
2. **poor working conditions** and the resulting risks of reduced employer appeal, increased absenteeism and lack of motivation among employees, as well as the associated health and safety risks, particularly **psychosocial risks**. The risk of occupational accidents and illnesses for the Group's employees is relatively limited given that they work in the banking sector rather than in an industrial setting, for example;
3. **non-compliance with labour regulations and the Group's own labour rules**, and the resulting legal, reputation and conduct risks.

POLICIES AND MEASURES IMPLEMENTED TO IDENTIFY AND MITIGATE HR RISKS

Societe Generale's people are one of its greatest assets and a key component of its business model and value proposition. Its employees' commitment and motivation are vital to the Group's success in its endeavours to transform its business, establishing a sustainable and responsible model to satisfy its clients.

With this in mind, and to address the various structural and economic challenges faced by the banking sector as a whole, the Group has introduced a range of policies and measures in response to its key HR risks.

Risks relating to a lack of qualified staff

Poor management of careers, skills and talent and a dip in the Group's employer appeal could lead to staff shortages and less engaged employees. This in turn would have a direct impact on individual and collective performance, hampering the Group's ability to attract and retain employees and, ultimately, to implement its strategy.

To address this risk, the Group has introduced a series of policies and initiatives, including due diligence, to address the following challenges.

ATTRACTING, RECRUITING AND RETAINING STAFF

Adapting the Group's recruitment strategy to the new environment

A fair recruitment policy

Societe Generale's recruitment policy is tailored to the specific needs of its businesses and activities, as well as to the local context. Its hiring processes are nonetheless uniform across the Group and always include an HR interview to assess the candidate's affinity with the Group's values (see "Rolling out a Code of Conduct underpinned by shared values (and human rights)", page 345).

Hiring decisions are based solely on skills, to avoid any risk of discrimination. The Group takes concrete steps to ensure this (raising awareness of non-discriminatory hiring practices, developing a recruitment tool designed to prevent discrimination, etc.).

A recruitment strategy aligned with candidates' needs

Societe Generale is progressively diversifying its hiring methods, making use of new technological and digital tools. The Group continues to enhance and modernise its Careers site – its main way of reaching prospective candidates – showcasing new fields of work and responding to changing candidate aspirations. It is also present on other platforms, such as My Job Glasses, Talent.io, etc., with a view to providing better visibility for the Group's businesses, digitalising talent recruitment and strengthening Societe Generale's employer brand.

Promoting the employer brand

Societe Generale strives to create sustainable appeal, seeking to promote its employer brand at every opportunity.

To help achieve this, and in line with the Group's transformation and new commitments, Societe Generale is working together with its employees to come up with a new employer promise. The aim is to address two major trends: the Group's expanding hiring needs (particularly in IT) within a tight labour market and employees' evolving aspirations and demands in terms of how they relate to their work and their employer.

Establishing a loyal, long-term relationship

In order to build a long-term relationship based on trust and foster a sense of belonging, Societe Generale's induction programme focuses on the Group's values. The induction period is a chance for new employees to learn about the Group's culture, methods and values, but also for the Group to start building loyalty and laying the foundations for deep-rooted engagement. A revised induction policy was introduced in 2019 and is applicable Group-wide. All employees therefore follow the same basic programme before embarking on training specific to their entity. Various tools, adapted to the Group's different entities and businesses, are available for new hires: welcome packs, induction handbooks, guides for managers, etc.

IMPLEMENTING TAILORED CAREER AND SKILLS MANAGEMENT

Societe Generale views developing its employees' skills as a way of optimising the Bank's performance and advancing its transformation, as well as mitigating the risk of a mismatch between its needs and the employee profiles available within the Group.

Planning ahead for future business developments and skills requirements

Robust strategic workforce planning

Societe Generale aims to ensure it has the right skills to reach its goals in the medium and long term. To prevent risks associated with a talent shortage or mismatch, **qualitative and quantitative Strategic Workforce Planning (SWP) is in place in all the Group's locations worldwide**. The aim is to match HR policies, particularly in terms of training and filling positions, to the skills required to meet the Group's strategic challenges. SWP provides employees with the means to boost their employability.

The SWP initiative is organised into three stages:

1. defining a qualitative and quantitative target for the skills the Group needs in the medium to long term to deliver on its strategic goals;
2. assessing and mapping the skills available to the Group;
3. identifying the gap between the current situation and the target in order to apply the right levers (training, internal mobility, recruitment, etc.) and action plans to bridge it. This must be a regular process so that the corresponding action plans can be updated as needed.

SWP is in place for all of the Group's key businesses and in 2022 covered virtually all BUs and SUs, representing the foundation of an effective strategy for acquiring new skills and guiding the development of those already existing within the Group. In France, SWP is governed by a labour agreement that was signed in 2013, renewed in 2016 and again in 2019.

A dynamic global skills base

Societe Generale's approach to skills mapping is based on the principle of self-empowerment: it gives employees a key role in developing their own careers and employability, using two tools through which they can record their skills. The first of these is ACE (for *Appétences, Compétences, Expériences* – or Aspirations, Skills & Experience). This tool relies on a dynamic skills base and machine learning technology[(1)] and is available to 80,000 employees spread across 80 entities and 30 countries, representing more than half of the Group's workforce. The second, MonDiag, is specific to the French Retail Banking businesses. Employees can use this tool to craft a personalised development plan to support them in upskilling. MonDiag is available to nearly 18,000 employees.

Enhancing each employee's employability throughout their career

Training is of vital importance to the Group: it is how employees develop their skills and boost their employability throughout their careers at Societe Generale. The Bank promises its employees the chance to shape their own career path, taking advantage of the multiple opportunities on offer.

A range of training opportunities adapted to the Group's business priorities and the key skill sets it will need in the future

The training courses offered by various players (cross-business teams or academies specific to BUs, SUs or subsidiaries) come in a variety of formats (e-learning, face-to-face, MOOC, videos, etc.) and cover:

- business skills;
- the risk, responsibility and compliance culture. Compulsory training for all Group employees covers the following subjects: information security, anti-corruption measures, Code of Conduct, the General Data Protection Regulation, international sanctions, anti-money laundering and counter-terrorism financing, conflicts of interest and harassment;
- soft skills (agile working, collaborative working, people management, change management, etc.);
- managerial culture, and social and environmental responsibility.

As the Group moves ahead with its transformation, its existing businesses are evolving, creating needs for new skills in all functions.

The training offer is thus tailored to Societe Generale's strategy and centres on the key businesses identified through SWP and in the annual report from the Group's Professions Observatory. It focuses primarily on innovation and digital transformation, with a view to improving customer experience and satisfaction, training all employees on CSR so that they can play a pivotal role in integrating ESG concerns, and building operational efficiency into the Group's transformation plans as regards both its organisational structure (especially with the Vision 2025 project and ALD's acquisition of LeasePlan) and its digitalisation.

Group-wide policies on mobility

Societe Generale has expertise across a broad range of sectors and offers employees a host of career opportunities. Twelve principles underpin the Group's policies on internal mobility and filling positions, and they apply to all entities. They focus on:

- ensuring transparency as regards vacancies, by systematically posting offers on the internal job exchange (Job@SG) available in 34 countries;
- filling positions from within the Group where possible; and
- strictly adhering to the recruitment process defined by the Human Resources Department to avoid any potential risk of corruption or conflict of interest, or any form of discrimination or favouritism.

Specific programmes to develop employability

In 2021, the Group rounded off its internal mobility policies with initiatives to ensure its BUs and SUs have the talent they need and to help employees build and constantly upgrade their skill sets so that they can be sufficiently agile to respond to rapid change and seize career opportunities. In addition to being able to apply for vacancies advertised internally, employees can now be contacted by managers looking to fill a position. Employees' skills are matched with those sought by hiring managers thanks to the ACE skills self-reporting platform, which enables managers to quickly identify employees whose profile meets their needs. This feature has proven extremely popular with managers and employees alike.

The Group also offers reskilling programmes. These programmes, initiated by the Group in 2020 and developed with business experts, aim to offer employees the opportunity to reskill and retrain in growth areas or hard-to-fill jobs within the Group. They combine theoretical training from academic partners (most often leading to a certificate or diploma) with apprenticeship within the employee's new team. Over 200 employees (up 35% on 2021) signed up for 30 different reskilling programmes in 2022. The programme thus forms part of the response to the need to match skills to the Group's requirements in the context of its business transformations, as well as offering employees the chance to take a new direction in their careers. New programmes are in the pipeline for 2023, primarily focused on data and ESG issues, reflecting employees' aspirations as well as skills gaps within the Group.

(1) Machine learning computers are not explicitly programmed for AI technology.

GROUP-WIDE CSR TRAINING PLAN

Corporate Social Responsibility (CSR) goes to the very core of Societe Generale's purpose and is a strategic priority for the Group.

Accordingly, the Group wants to get all its employees up to speed on the associated issues so that they can drive the Bank's ESG transformation and help its clients every step of the way in their own transitions.

Societe Generale is rolling out an ambitious training and communications plan, with the strategic goals of:

- developing a Group CSR culture based on a shared foundation of core knowledge;
- ensuring the businesses have the requisite technical expertise available to them among their employees.

The Group's CSR training offer comprises:

- **around 100 training and awareness-raising modules available to all employees**. These modules take a variety of forms (e-learning, masterclasses, conferences, workshops, etc.) and are all available on the Group's dedicated training platform. They are organised under six separate headings, between them covering all aspects of CSR:
  - the basics of ESG,
  - ESG risks and assessment,
  - the environmental transition and ESG,
  - sustainable IT,
  - sustainable finance,
  - sustainable investment;
- **five different training tracks for skills development:**
  - a foundational training track for all employees,
  - specific training tracks for certain groups (ambassadors, Executive Committee members, new hires, junior staff);
- **training on Climate Fresk – the Group is keen to get its employees to use this tool and has set itself the target of training 30% of them on it by the end of 2024;**
- **specific programmes** such as the CSR graduate programme and a CSR reskilling programme.

What was achieved over 2022

Societe Generale was particularly active in CSR training and awareness-raising campaigns over 2022. It:

- **conducted communications and awareness-raising campaigns reaching employees Group-wide:**
  - communications on the Group's CSR Ambition and, in particular, on how it is stepping up its commitments in energy transition,
  - webcasts and discussions on how best to support the Group's clients in their own energy transition projects,
  - conferences with experts on diversity and from The Shift Project (a French think tank advocating the shift to a post-carbon economy) among others;
- **new training opportunities in its CSR catalogue:**
  - courses leading to qualifications in sustainable investment (with the EDHEC and ESSEC business schools),
  - e-learning modules on environmentally responsible habits, digital accessibility, and what responsible consumers expect from their bank,
  - workshops and talks, including the biodiversity fresk, 2 tonnes and MyCO_2;
- **made sustainable investment training compulsory for internal targets, notably staff in financial advisory businesses tasked with marketing investment products;**
- **trained all Group Management Committee members on Climate Fresk;**
- **trained all Ambassadors[1] on the energy transition;**
- **took part in the Positive Impact Week;**
- **developed business-specific platforms for CSR training and awareness programmes.**

(1) Ambassadors represent the Group's top 1,400 individuals who occupy key positions across the Business Units and Service Units in the different geographical regions. As spokesperson for General Management among their teams, they play a decisive role in implementing and communicating Group strategy.

Key figures

Since 2021, the Group has dispensed:

- more than **100,000 training sessions** on CSR;
- more than **65% of employees** on CSR issues, *via* modules available on MyLearning,[1] including:
  - training on E&S risk management for **38,000 employees**,
  - training on Societe Generale's CSR strategy for **20,000 employees**,
  - training on sustainable IT for **10,000 employees**,
  - training on sustainable investment for **10,000 employees**;
- helped more than **60 employees** get their CESGA[2] certification;
- **training for 10,000 employees** on the energy transition and what it means for the Bank's clients (ENEA module).

Identifying and supporting talent

Built around its Leadership Model and designed to optimise and develop the potential of its employees, while deepening engagement to the Group, Societe Generale's talent management policy applies across all entities, businesses and regions. The aim of the policy is not only to identify, develop and retain high-potential employees and the leaders of tomorrow, but also to ensure the Group has the right managers for its key positions through succession planning.

In 2022, the Group further strengthened its policy of identifying, managing and developing high-potential talents. It:

- reviewed succession plans for key positions in the Group;
- continued its efforts on diversity (see the Diversity and Inclusion Report), introducing two new professional development programmes designed to help women progress in their careers;
- continued to support talent development, making widespread use of personalised development tools such as 360° assessments, coaching, and leadership development centres;
- supported its HR teams and fostered a community of talent managers.

GIVING EMPLOYEES MORE REASONS TO STAY

Offering fair and competitive pay

A balanced compensation policy that meets regulatory requirements

Societe Generale has a balanced compensation policy that meets regulatory requirements. Whilst it is adapted to the specific economic, social, legal and competitive environment in each of the markets in which the Group operates, its core tenets of non-discrimination and equal treatment are nevertheless shared by all entities, as are the principles underpinning the policy, namely:

- rewarding individual and collective performance;
- promoting healthy and effective risk management and ensuring employees are not encouraged to take inappropriate risks;
- attracting, retaining and motivating strategic talents and key resources;
- aligning the interests of employees with those of the Group and its shareholders;
- checking that employees comply with the applicable internal rules and regulations while ensuring equal treatment of customers.

The principles governing Societe Generale's compensation policy, in particular for the categories of staff whose professional activities are liable to have a significant impact on the Group's risk profile, as per CRD 5, are detailed in the Compensation Policies and Practices Report. This report will be published ahead of the General Meeting, as is the case each year, and submitted to the French oversight body for banks and prudential supervision (Autorité de contrôle prudentiel et de résolution – ACPR) in accordance with the provisions of EU Regulation No. 575/2013[3] (see the Performance and Compensation Report).

Individual performance reviews to boost collective results

To ensure equal treatment of its employees, the Group monitors their performance throughout their careers, particularly through development plans and 360° assessments. Development plans assess the employee's professional competence and to what extent they have met their operational targets, as well as how they have done so. Individual employee development is also discussed during annual appraisals and regular meetings between the employee and their line manager or HR manager. In France, the topic is likewise covered in the employee reviews that take place between employees and their line managers or HR managers each year.

Collective benefit schemes

In addition to variable remuneration determined according to the Company's overall performance, Societe Generale offers its employees a number of collective benefits: profit-sharing and incentives, employee savings plans and employee share ownership.

At the end of 2022, Societe Generale employees and former employees (between them numbering over 88,000) held 7.93% of the Bank's share capital and 13.2% of its voting rights, through Company or Group savings plans.

Profit-sharing and incentives paid out in 2022 in respect of 2021 amounted to EUR 175.4 million in total, of which EUR 10 million related to the Group's CSR objective.

And lastly, the 29th edition of the Global Employee Share Ownership Programme saw more than 46,000 employees subscribe to a capital increase in 2022 amounting to EUR 235.7 million.

(1) The Group's digital training platform.
(2) Certified Environmental Social and Governance Analyst.
(3) The 2021 report on compensation policies and practices was lodged with the ACPR in April 2022 and is on the Societe Generale website.

Adapting employee retention strategies to fit the local context

Alongside its attractive compensation policy, Societe Generale also works to give its employees other reasons to stay, including:

- **the ability to shape their own career paths**, with special schemes for employees approaching retirement, careers in transition management, etc. (see the Professions and Skills Report);
- **the opportunity to take part in civic-minded initiatives** through skills sponsorship programmes (see the Corporate Culture and Ethics Principles Report);
- **subsidised lunches, sports activities and commuting costs**, such as through the French government's green commuter scheme, adopted by certain Group entities including CGI France and ALD Automotive France (see the Occupational Health and Safety Report);
- **benefits to promote a better work-life balance** and thus improve both quality-of-life and working conditions(see "Risks relating to poor working conditions" below).

Societe Generale takes a proactive approach to preventing physical and mental health risks in the workplace and to ensuring decent working conditions. Accordingly, in addition to the induction programmes, training, compensation and benefits it offers its employees, it also seeks to foster engagement and loyalty by promoting well-being in the workplace.

KEY INDICATORS ON THE RISKS RELATING TO A LACK OF QUALIFIED STAFF AND THE POTENTIAL IMPACT ON THE BANK'S EMPLOYER BRAND, PERFORMANCE AND ATTRITION

At Group level	2020	2021	2022
% of positions filled through internal mobility	63%	56%	53%
% of employees on permanent contracts who change jobs per year	15%	14%	14%
Number of training hours taken by Group employees *(in millions)*	3.0	3.7	4
Average number of training hours per employee	20.3[(1)]	26	2
% of employees having completed at least one training course during the year	85%	88%	89%
Number of employees on permanent contracts who had an appraisal	108,947	106,687	97,969
% of the workforce on permanent contracts	93%	94%	94%
The Group's payroll expenses *(in EUR billions)*	9,289	9,764	10,052
Voluntary turnover rate for the workforce on permanent contracts	6.2%	9.4%	8.6%

(1) *The number of training hours dispensed and the training budget were impacted when the pandemic hit at the start of 2020. Face-to-face training sessions were suspended early on in the pandemic. The Group adapted and transformed its programmes, offering new remote learning alternatives to maintain training opportunities for its employees.*

To tackle high staff turnover at certain sites (partly attributable to local employment patterns or the Group's transformation projects), some of the Group's subsidiaries have launched targeted HR actions to improve employee engagement and retention. These actions focus on benefit packages, working conditions and career progression.

Risks relating to poor working conditions

The Covid-19 pandemic and its consequences prompted the Bank to step up its transformation efforts, particularly in terms of how it operates and how its employees work. Poor working conditions and pressures on physical and mental health can have knock-on effects on employee well-being and engagement. Not only can poor management of working conditions be harmful to the Group's performance, it can also result in a loss of business and a deterioration in quality of service (harming customer satisfaction), and in workplace well-being and the Group's employer appeal (weakening the employee experience).

To address these risks, the Group has introduced a series of policies and initiatives, including due diligence, in the following areas.

LISTENING TO AND SUPPORTING EMPLOYEES IN A CHANGING WORK ENVIRONMENT

Considering and addressing employees' needs, as individuals and as a group

The pandemic brought about a sea change in employee expectations. It also prompted many employees to reassess their work priorities and how they relate to colleagues and others in their professional lives. As a responsible bank, Societe Generale has taken its employees' new aspirations on board, especially in terms of their well-being at work and the need to feel heard and to find meaning in what they do.

A new agreement on workplace well-being

In November 2022, the Human Resources Department signed an agreement with the French trade unions on workplace well-being (WW). The aim was to galvanise efforts to improve working conditions and prevent occupational risks within the Group. This agreement entered into effect on 1 January 2023 for a three-year term and centres on five areas: work-life balance, new ways of working (remote/hybrid working), individual and collective freedom of expression, workload and preventing psychosocial risks (PSRs) (see "How the Group is stepping up its efforts on psychosocial risk prevention", page 301).

FOCUS ON THE EMPLOYEE SATISFACTION SURVEY

Societe Generale measures employee engagement through its Employee Satisfaction Survey, an annual, anonymous internal survey conducted throughout the Group. Employees are asked to freely give their opinion and impressions on a range of topics related to life at work. All answers are strictly confidential. The results are shared with employees and serve as the basis for drawing up action plans and putting together working groups in each of the BUs and SUs, with a view to continuous improvement. The action plans are then submitted to the Board of Directors.

In 2022, 73% of the Group's employees took part in the survey. This latest survey covered the following topics:

- **engagement:**

The employee engagement score remained stable (63% in 2022 as opposed to 64% in 2021 – on a like-for-like basis, excluding Russia). The percentage of employees that would recommend the Group as an employer was up 2 points on 2021, at 64%, and pride in belonging to the Group remained high (74%, compared to 75% in 2021).

- **relationship to management:**

As always, team spirit was highlighted as one of the Group's core values, resulting in strong team cohesion (92%) and cooperation (80%) scores. Moreover, 85% of employees said that they could count on their manager being there for them and supporting them.

- **perception of the Group's long-term programmes (CSR, Culture & Conduct, Inclusion):**
  - CSR: 52% of employees wanted more information on best practices (in terms of reducing the Group's carbon footprint, how to uphold its responsible employer ethos, etc.),
  - Culture & Conduct: 85% of employees said they felt able to give their opinion or express new ideas or concerns within their team, a sign that the "speak-up culture" has taken root,
  - Inclusion: employees considered their working environment to be inclusive;
- **workplace organisation and efficiency; Well-being at work:**

Employees particularly highlighted flexibility and greater autonomy as things they appreciated about the new working arrangements that have been put in place (61% were satisfied with the new working arrangements within their entity). For the first time, the survey asked employees outside of France to rate their level of stress: the score was 6.7/10.

Since 2018, the collective targets set for members of the Group's Management Committee each year have included a target employee engagement score, as measured through the Employee Satisfaction Survey (see the Performance and Compensation Report).

Group and local consultations

In view of evolving attitudes and practices in terms of how we work, Societe Generale launched a massive in-house consultation in May 2020, asking 6,000 employees in France and around the world how they saw the future of work. Their responses helped form a snapshot of how remote working is being used within the Group and gave insight into how they felt it should be developed.

The findings were then compiled in a white paper and presented to General Management.

The outcome was a Remote Working Agreement signed between General Management and the French trade unions in January 2021.

A number of Group entities have also conducted their own local surveys to take the pulse of their employees' well-being and health. SG Stockholm, for example, asks external provider Feelgood to survey its employees' health and workplace environment each year so that management can take action based on the findings.

Making hybrid work and the associated managerial practices standard procedure

Introducing remote working Group-wide

Societe Generale was an early endorser of remote working – employees have been allowed to work from home since 2016 – and the Group has been proactive in adapting how it operates to make this possible. The Covid-19 pandemic accelerated the trend, and the Group successfully implemented Group-wide remote working for all compatible positions.

In January 2021, General Management signed a Remote Working Agreement with the French trade unions. The agreement entered into force on 4 October 2021 and makes remote working available to all employees (*i.e.*, whether on permanent or temporary contracts and including interns, work-study participants and new hires). The agreement establishes the principle of regular remote working, setting two days' remote working per week as the standard. Each BU/SU remains free to decide how many days a week its employees can work from home, and can deviate from this standard number of days when justified by its business activity. In implementing this agreement, the Group's entities adhere to all principles of equality, rules on working hours, the right to disconnect, and health and safety requirements for staff working from home.

On that score, more than 83,000 employees working in the Group at end-2022 had the resources and tools suited to their local context to be able to work remotely, reflecting how hybrid working is becoming the new norm in a post-pandemic backdrop.

Supporting the associated adaptations in managerial practices

Local managers play an essential role in the context of remote working, being as they are in daily contact with employees. Special steps have been taken over the past year to make sure they are alert to the risks of isolation, the importance of communication and how to spot symptoms of psychosocial distress. This involved a review of the Connect Manager platform during the year, pooling a wide array of resources for managers to help their teams with remote working. It now includes a Remote Management module, for example, with a host of tools to help them learn how to support a hybrid-working team, such as guidelines, how-to guides and online training.

Providing a good working environment

Working in a safe and secure environment

As the hybrid work model becomes more widespread, Societe Generale is rethinking how its physical and digital workspaces are organised: redesigning office space and upgrading facilities and equipment.

The interior revamp of the Group's Corporate Centre buildings in the Paris region, initiated by the Real Estate Division in 2021, continues apace. The idea is to adapt workspaces to new practices and to reduce the Group's building footprint.

The Sakura complex in Fontenay-sous-Bois, just east of Paris, epitomises this transformation. This brand-new building has been designed to operate as a "flex office" and offers users a range of services to enhance their day-to-day lives (a business centre, wellness areas, shops, a concierge service and sustainable cafeterias).

Societe Generale has also rethought its digital workspaces to make sure its employees can work from home securely and seamlessly, just as easily as when they are at the office. To this end, it has designed a new virtual workspace, with specific features to optimise mobility and remote working. By the end of 2022, some 23,000 employees were already using it. In addition, the Group is upgrading its tools to make remote teamwork easier and revisiting the network infrastructure at its French branches to speed up their Internet connections. Rounding off its actions, it has developed an online platform offering access to team schedules as well as HR, logistics and compliance services and information. Employees can also submit IT requests and expense claims and manage their professional purchases *via* this platform.

Promoting work-life balance

In 2022, 91% of the Group's workforce benefited from initiatives designed to promote a healthy work-life balance.

Working hours represent a key element in these initiatives:

- flexitime arrangements are in place in 62 entities, covering 67% of the Group's workforce;
- Societe Generale's top management in France signed a 15 Work-Life Balance Commitments Charter in 2014;
- employees in France discuss their workload with their line manager or HR manager as part of their annual appraisal;
- the Group is pushing further ahead with communications campaigns and offers training and support to help managers and employees work out how to achieve optimal efficiency.

Societe Generale also considers each entity's local context when implementing measures to promote a healthy work-life balance, such as:

- maternity leave that exceeds the regulatory minimum in 95 entities covering 89% of the Group's workforce;
- benefits to help with childcare in 77 entities covering 85% of the Group's workforce;
- support for employees who are caregivers and schemes through which their colleagues can donate leave;
- and in France more specifically, the Group:
  - has expanded eligibility for parental leave to take into account all family configurations,
  - supports employees suffering from chronic illness and/or returning to work after a lengthy period of sick leave,
  - has signed a new Corporate Parenthood Charter.

ENSURING HEALTH AND SAFETY AT WORK

Making health and safety a priority

Societe Generale's occupational health and safety policy, applicable Group-wide, aims to provide each employee with a safe working environment – taking into consideration both the physical workplace and working practices – that guarantees their safety and their physical and psychological well-being. The Group complies with all local labour laws and legal obligations for occupational health and safety in all of its entities worldwide. Each local entity adapts the Group's occupational health and safety policy to their local environment and legislation, but without undermining its main thrust.

Societe Generale is developing positive momentum in respect of workplace well-being (WW) at all levels throughout the Group. Everyone has a role to play in improving WW:

- the **Human Resources Department** sponsors the occupational health and safety policy, bringing it to the attention of the highest echelons within the Group;
- the **Group Security Division**, reporting to the General Secretary, keeps people and property safe while on Societe Generale premises;
- all **HR teams** are involved in advising and offering support to managers and employees, working hand-in-hand with local healthcare professionals specialised in preventive action;
- **managers** help implement initiatives designed to improve workplace health and safety, and discuss the subject with their employees on a regular basis;
- **occupational health practitioners** offer the Group's employees further protection and support.

In France (48% of the Group's workforce), Societe Generale is committed to getting everyone involved in WW issues under the new workplace well-being agreement. This includes, in particular:

- **WW and PSR correspondents** in each BU and SU, to coordinate actions on WW and PSR;
- **staff representatives** and representative bodies, to monitor the indicators provided by the Group each quarter;
- the **WW observatory**, to follow up on the agreement's implementation and review reports on what has been done each year;
- the **WW team** within the Group Human Resources Department, to raise awareness within the Group of the various different factors involved.

Each employee has a key role to play in implementing initiatives designed to improve workplace well-being.

Ensuring continuous improvement in health and safety matters

The Group's long-standing commitment to offering the best possible working conditions means:

- **working towards providing all its employees worldwide with basic social, health and welfare protection**. Nine out of ten employees currently benefit from a supplementary company health or personal protection plan and the Group has set itself the target of providing each employee with coverage amounting to two years' salary in the event of death;
- **implementing a safety and security master plan**, prepared by the Security Division for France and shared with the international entities and subsidiaries as best practice, to be applied in addition to all local safety and security rules;
- **continuously monitoring risks** that may have an impact on health and safety, as well as social risks (see "How the Group is stepping up its efforts on psychosocial risk prevention", below), and implementing targeted prevention actions and information campaigns to reinforce the safety and security culture within the Group. The management of health, safety and security risks forms part of the Group's Duty of Care Plan on human rights and the environment (see "Duty of Care Plan", page 361).

Deploying prevention and awareness-raising campaigns on employee health and safety

The Group puts prevention programmes in place to tackle the main health and safety risks its employees may face in the course of their work:

Protecting staff from aggressive behaviour

Employees in the banking sector may encounter violence in their work (such as during a bank robbery). Societe Generale does everything it can to keep its staff safe. For example, all employees in French branches (including trainees, and employees on temporary contracts or providing holiday cover) receive safety training on how to manage flows of people on the premises, how to use the emergency equipment and protective devices provided, how to perform their day-to-day work (operating procedures, etc.), how to react to offensive or aggressive behaviour and what to do in the event of an accident or attack. All employees must also complete a mandatory online training module specifically dealing with attacks at the workplace. The Group partners with *France Victime* to offer anonymous psychological support for any employees who are victims of offensive or aggressive behaviour or armed robbery.

Protecting staff from harassment

As part of its drive to stamp out inappropriate conduct, Societe Generale has adopted a zero-tolerance stance on bullying, sexual harassment and sexism at the workplace. It organises information campaigns and encourages employees to speak up to their managers and/or to HR if they become aware of or experience any form of harassment. Workplace harassment training is mandatory for all Group employees. The Group has also introduced an awareness and training plan, with specific workshops for HR, managers and employees to explain to them what they can do to prevent harassment, as well as information campaigns for HR surrounding the Group's policy on preventing inappropriate conduct and the associated procedures it has put in place.

Preventing isolation and loss of employability

To keep up team spirit and employee motivation in the new world of hybrid working, the Group encourages its managers to take training on the risks associated with such working arrangements, in terms of isolation and feelings of exclusion. For their part, employees are made aware of their right to disconnect and how they can maintain social contact. Moreover, in 98% employees get regular health check-ups in 132 entities with medical facilities. In France, the 2021 Healthcare Act requires employers to take steps to address the risk of loss of employability, working together with occupational health doctors to offer check-ups to ensure that employees returning to work after maternity leave, extended sick leave (more than 30 days) or an occupational illness are indeed fit to do so. All employees aged 43-45 likewise get a medical check-up to ascertain whether their health calls for adjustments to their duties and to explain what they themselves can do to ward off occupational risks.

Preventing data theft and cyberattacks

As part of its day-to-day operations, Societe Generale gathers, processes and disseminates information. As a trusted third party, it is essential that it protects that information. Data protection is therefore a priority, to keep all information the Bank receives secure and confidential.

To make its employees aware of the importance of data security, Societe Generale has drafted a Charter for the Protection of Information and IT Resources as well as a Group Information Security Policy. It has also made online training on the matter mandatory for all employees and organises communications campaigns and in-house events on the issue, such as its "security hours", timed to coincide with European Cybersecurity Month.

To keep employees on their toes and alert to the risks of cyberattacks (especially ransomware attacks), the Group conducts its own phishing campaigns as well as targeted actions to reinforce the message, help employees identify suspicious e-mails and make sure they know how to flag them up.

HOW THE GROUP IS STEPPING UP ITS EFFORTS ON PSYCHOSOCIAL RISK PREVENTION

Societe Generale takes the necessary measures to ensure the security of its staff and protect the physical and mental health of its employees.

As a responsible employer, the Group established its comprehensive policy on psychosocial risk prevention several years ago as part of its goal of providing a safe and healthy working environment for all employees.

This policy is applicable to:

1. all Business Units and Service Units, which are tasked with raising awareness and ensuring employees have good working conditions. BUs and SUs can draw on the tools available from the Group's Human Resources Department;
2. managers, who receive tailored support when they and their teams are affected by reorganisation plans and who are trained to detect and respond to warning signals;
3. employees identified as vulnerable, who are pointed towards the right resources and given support when returning to work.

In 2022, psychosocial risk prevention initiatives were organised for 96% of the Group's workforce. The aim is to inform, train and support employees who may encounter situations that pose psychosocial risks. Initiatives include programmes offering free assistance from healthcare or insurance partners, training and/or awareness-raising on psychosocial risks, surveys and evaluations to measure stress, as well as various leisure and relaxation activities. For example, in Belgium, ALD has set up a 24-hour Employee Assistance helpline *via* which employees can get psychological and/or legal advice over the phone. It also has designated zen rooms and chill zones where employees can take a quiet moment for themselves during their workday if they feel the need.

In France, a number of initiatives are in the pipeline further to the workplace well-being agreement:

- a methodology to help identify and assess PSRs;
- campaigns to inform, communicate and raise awareness, with a new intranet page covering everything to do with WW, with a particular emphasis on PSR prevention;
- development of further training on PSRs, with one session set to be made mandatory for managers;
- consideration of PSRs in connection with ongoing and future transformation projects. For example, specific measures were taken to address the PSRs inherent to the Vision 2025 project. A national PSR Correspondent was appointed, together with a number of regional counterparts, and various campaigns were conducted over 2021 and 2022 to raise awareness of and communicate on the PSRs associated with the project and to train and support the teams impacted.

UPHOLDING FAIR AND EQUAL TREATMENT

Beyond providing a safe and healthy working environment, being a responsible employer also means ensuring fair and equal treatment of all employees – an essential factor in fostering innovation and boosting the Group's performance.

Promoting equal opportunities and diversity in the Group and taking steps to counter discrimination

Societe Generale has a range of policies, actions and processes in place to counter the risk of discrimination, including in particular:

- **a Diversity and Inclusion policy**, reflecting the Group's determination to recognise and promote all promising employees, regardless of their beliefs, age, disability, parental status, nationality, gender identity, sexual orientation, membership of a political, religious or trade union organisation, or any other factors on the basis of which they could be discriminated against. This policy aims to create the conditions for an inclusive organisation offering equal treatment to all and does so by requiring action on various fronts:
  - fighting against all forms of discrimination,
  - communicating, raising awareness, training,
  - creating a work environment and management that is conducive to inclusion,
  - championing diversity and inclusion at governance level within the Group;
- **sponsorship of non-discrimination at the highest level of the organisation**, led by Diony Lebot (Deputy Chief Executive Officer);
- **a Diversity and Inclusion Committee**, with members drawn from the BUs' and SUs' Management Committees. This Committee's main task is to define the Group's diversity and inclusion approach and aims, and to set annual or multi-annual priorities;
- **a special team responsible for promoting diversity and inclusion** through a network of sponsors tasked with rolling out the Group's commitments in the BUs and SUs, both in France and in the Group's international entities;
- **ambitious targets**, including a gender equality target of increasing the percentage of women in senior management positions to 30% by 2023;
- **a raft of new public commitments over the past two years:**
  - signing of the OneInThreeWomen Charter to raise awareness of violence against women,
  - renewal of Societe Generale's three-year agreement promoting the employment and professional integration of people with disabilities in France (the 2023-2025 agreement marks its sixth renewal),
  - signing of three charters to foster gender diversity: *#JamaisSansElles*, *Financi'Elles* and Towards the Zero Gender Gap,
  - signing of the *Autre Cercle* Charter promoting an inclusive workplace for LGBTQ+ individuals,
  - signing of a new Corporate Parenthood Charter, to support parents in all family configurations (single parents, same-sex parents, etc.),
  - participation in the first diversity survey conducted by *Club 21^e^ siècle* (an organisation formed to promote diversity at all levels of society) to measure social and cultural diversity at the top echelons of France's large corporates;
- **as well as the Group's long-standing public commitments:**
  - to the Women's Empowerment Principles, signed in 2016,
  - to the ILO's Global Business & Disability Charter, signed in 2016,
  - to the UN's Guiding Principles on tackling discrimination against the LGBTQ+ community, supported since 2018,
  - to the Global Agreement on Fundamental Rights signed with UNI Global Union, renewed in 2019 and extended for a further year in 2022,
  - to the collective agreement on gender equality in the workplace, signed with trade unions in France.

Measures to counter the risk of discrimination at work also form part of the Group's Duty of Care Plan. The Group assesses the extent to which there is a risk of discrimination at its various sites, so as to identify and better understand local issues and how to address them (see "Duty of Care Plan", page 361).

Implementing practical management, awareness and training actions

With more than 117,500 employees of 154 nationalities working in 66 different countries, and with 52% of its workforce based outside of France, Societe Generale reiterates its commitment to making equality, diversity and inclusion a reality for all employees and a managerial priority for the Group.

Diversity is a matter of both ethical responsibility and performance, and the Group has thus maintained its objective of promoting women and international candidates to positions of responsibility and seats on Societe Generale's management bodies. To achieve this, it relies on certain key measures, including:

- monitoring indicators in respect of women and international employees, *i.e.*, their representation within high-potential pools and succession plans, their promotions, pay rises, grades and classes, etc.;
- introducing a more collective approach to decision-making when appointing senior executives (see Chapter 3, "Diversity policy within Societe Generale", page 111);
- reviewing the inclusiveness of certain social policies (to ensure, for example, that they take into account different family configurations).

As part of its commitment to implementing a strong diversity policy, the Group has also rolled out a range of awareness-raising and training initiatives around diversity, including:

- a Diversity and Inclusion Playlist of courses available to all employees *via* the Group's e-learning platform;
- an e-learning course on understanding and addressing discrimination in hiring, launched in 2022. This course has been made mandatory training for all managers and HR staff in France every four years and will be made available internationally in 2023;
- campaigns and programmes to raise awareness among employees of diversity and inclusion issues and how our unconscious biases can affect our behaviour. For example, the Group organises a series of talks throughout the year on subjects such as intergenerational relations, non-discrimination in HR processes, LGBTQ+ rights, disability, violence against women, discrimination based on physical appearance or ethnicity, etc.;
- promotion of intergenerational cooperation through dedicated programmes, reverse mentoring, focus groups and a variety of measures to support the Group's more senior employees (help with managing the transition from employment to retirement, end-of-career leave, patronage, reassignments, reduced working hours, etc.);
- an in-house resource hub (the Diversity & Inclusion SharePoint) available to all Group employees and containing articles, benchmark studies, reports and more.

The Group's commitment to diversity is also evident in how it:

- regularly surveys its employees on how inclusive they feel their work environment is;
- supports in-house employee networks set up to promote inclusion (women's networks, WAY, Pride&Allies, Dkrés, etc.).

Staying with diversity and inclusion, 98.5% of the Group's workforce have local actions in place to strengthen gender equality, 86% of the Group's workforce have local actions in place to support employees with disabilities, 76% of the Group's workforce have local actions in place to support employees aged 50+, and 75 entities covering 87% of the Group's workforce have local actions in place to promote inclusion and professional integration. For more information, see the Diversity and Inclusion Report.

KEY INDICATORS ON THE RISKS RELATING TO POOR WORKING CONDITIONS

	2020	2021	2022
Number of different nationalities within the Group	137	141	154
% of non-French employees	56%	57%	52%
% of women in key positions within the Group (Top 160)	21%	25%	26%
Absenteeism rate(1)	4.6%(2)	3.50%	3.9%
Number of occupational accidents	524	570	590
% of the workforce targeted by prevention and information campaigns on health	99%	99%	98%
% of the workforce targeted by prevention and information campaigns on safety	98%	98%	99%
Number of employees able to work remotely(3) worldwide	54,700	77,671	83,051
% of the workforce benefiting from measures to promote work-life balance(4)	87%	89%	91%
Engagement rate	63%	64%	63%

(1) The absenteeism rate is the ratio of the number of days' paid leave (sick leave, parental leave and other types of paid leave) to the total number of days paid, expressed as a percentage. It is counted in calendar days and calculated using the total headcount (workforce present multiplied by 365).

(2) The change in the absenteeism rate in 2020 was chiefly linked to the increase in the number of days' paid leave other than sick leave and parental leave. Owing to the pandemic, the Group introduced specific leave for employees that had to stay at home for health reasons or to look after young children, for example.

(3) Excluding remote working under the Business Continuity Plan.

(4) Any agreement, measure or action designed to foster a better work-life balance for employees, as defined in the 15 Work-Life Balance Commitments Charter signed by Societe Generale.

Risks relating to non-compliance with labour regulations and the Group's own labour rules

The Group is required to comply with many different regulations around the world in terms of labour law and broader human rights (compensation and social rights, diversity and non-discrimination, dialogue with employees, freedom of association, etc.).

But it has also gone a step further in its commitment to human rights, adopting internal rules for human resources management. Failure to comply would not only be harmful to the Group's employees, but could also impact Societe Generale's ability to continue its activities, and expose it to certain legal and reputation risks.

To avoid this, and to ensure that its practices comply with all regulations and internal rules, the Group relies on a range of policies, initiatives and due diligence processes with a view to meeting certain objectives:

- ensuring regulatory compliance of employment relationships;
- ensuring compliance with all regulations concerning human resources management processes (health and safety standards, duty of care, General Data Protection Regulation, MiFID II, etc.);
- maintaining a labour relations climate that is favourable to interactions with the Group's stakeholders (in particular employee representative bodies and employees themselves), by guaranteeing its employees' fundamental rights and freedom to organise;
- fighting against all forms of discrimination at work and promoting workplace equality and diversity;
- guaranteeing health and safety in the workplace.

To ensure compliance in its employment relations and human resources management processes, the Group:

- monitors labour law developments in all countries where it operates;
- gets its Human Resources Department involved in regulatory projects;
- routinely updates its human resources information systems (HRIS) in line with regulatory developments (on a Group-wide or local basis, as appropriate).

PROMOTING THE HIGHEST STANDARDS OF CULTURE & CONDUCT

Societe Generale is extremely vigilant when it comes to complying with legislation, internal rules and procedures, and the ethical principles governing its business activities. These principles are detailed in the Group's Code of Conduct.

Having coordinated the Group's Culture & Conduct programme since 2021 (see page 346), liaising with the Compliance Division, the Human Resources Department is particularly active in promoting ethical and responsible conduct on the part of individuals and teams that will translate into ethical and responsible business for the Group as a whole. To this end, it organises annual campaigns involving training, workshops, videos, articles and the like, designed to foster an environment in which appropriate conduct prevails, in line with the Group's values.

Moreover, the Group is pushing ahead with efforts to align its main human resources management processes with its objectives in terms of Culture & Conduct. This involves updating its guidelines for assessing conduct, and optimising how it manages inappropriate conduct and disciplinary sanctions to ensure its practices are compliant.

A Group policy on inappropriate conduct

Introduced in 2019, the Group's policy on inappropriate conduct in the workplace aims to detect and deter any conduct that contravenes the principles enshrined in its Code of Conduct, especially any form of bullying or sexual harassment. It encourages initiatives to raise awareness of inappropriate conduct, in particular training for managers and Human Resources teams, and makes it clear that the perpetrators will be subject to disciplinary measures that may even include the termination of their employment contract. Alongside this, the Group has also appointed a specific person responsible for overseeing the proper deployment of this policy in its entities worldwide. She is supported in this role by an international community of more than 60 experts and specialists in conduct matters (see the Corporate Culture and Ethics Principles Report).

Whistleblowing procedure

Set up for the entire Group, the whistleblowing procedure allows employees or external contractors to report any situations of which they are aware that either breach the Group's ethical standards or rules of business or could be illegal or contrary to applicable legislation. This may include situations of inappropriate conduct or anything that could pose a health and safety risk (see "Duty of Care Plan", page 361, and "Rolling out a Code of Conduct underpinned by shared values (and human rights)", page 345).

A global disciplinary policy

Published in 2019, the global disciplinary policy formalises the Group's principles and best practices in relation to sanctions (the right to make a mistake, zero tolerance on misconduct, collective decision-making on sanctions, proportionality, managers' ultimate responsibility in upholding principles and enforcing sanctions, sanctions paired with corrective actions). This global policy translates into operating procedures and a record of disciplinary actions imposed in each Group entity. The key indicators are communicated to General Management.

MAINTAINING A POSITIVE LABOUR ENVIRONMENT

The Group's commitment to labour relations is demonstrated by:

- the global framework agreement on fundamental human rights with UNI Global Union, renewed in February 2019 and extended by a further 12 months in February 2022, which covers all staff (see "Duty of Care Plan", page 361). Following on from the 2015 agreement on fundamental freedoms and the right to organise, this agreement includes additional commitments on:
  - preventing misconduct,
  - countering discrimination and promoting diversity in all human resources management processes (a subject already introduced in the initial agreement),
  - maintaining a working environment conducive to health, safety and decent working conditions for all employees.

  Under this agreement, the Group regularly communicates with UNI Global Union on how it is implementing its commitments. In addition, an annual follow-up meeting is held between UNI Global Union representatives, the Bank's Human Resources Departments, and representatives from the Group's trade unions. Several meetings were held over the year, and most recently in December 2022;
- the numerous collective agreements signed with social partners. These agreements cover compensation and employee benefits, working conditions (working hours, employment conditions, remote working, etc.), strategic projects within the entity, labour relations practices and equality in the workplace.

KEY PERFORMANCE INDICATORS ON RISKS RELATING TO NON-COMPLIANCE WITH LABOUR REGULATIONS AND THE GROUP'S OWN LABOUR RULES

	2020	2021	2022
Number of collective agreements signed with social partners	161	157	195
% of workforce covered	64%	62%	68%
o.w. focused specifically on health and safety	*13*	*27*	*30*

COMPREHENSIVE HR SUPPORT DURING MAJOR TRANSFORMATIONS

Major transformations within the Bank can heighten risk, due to the associated recruitment needs, revised organisation and new operating procedures. They can also heighten employees' exposure to psychosocial risks.

Societe Generale promises to uphold its commitments as a responsible employer in the context of its transformation projects, providing all employees impacted with the support they need. The Group's major transformation in 2022 was the Vision 2025 project.

With the merger of Societe Generale's and Crédit du Nord's branch networks, head offices and back offices on 1 January 2023 and the associated new business models, the Group's HR teams have been fully alert to the potential issues concerning:

- **finding a place for each and every employee**, with management giving a firm undertaking not to force anyone out during the project phase, instead preferring to rely on natural attrition and internal reassignments;
- **providing the necessary HR and skills development support** throughout the process. The Group has offered all employees a skills assessment, allowing them to review where their strengths lie and what aspects of their work they most enjoy. It has also drawn up job descriptions and set up forums where employees can learn about the opportunities available within the new bank. It has furthermore earmarked an unprecedented EUR 100 million for training (three times the usual budget) and set up a Skills Academy with a view to encouraging employees to upskill;
- **addressing psychosocial risks**. A comprehensive framework is in place to help the Group identify and understand the PSRs inherent to the merger and to address them at the earliest possible opportunity;
- **developing a shared culture**. This is essential to the merger's success. Teams from each bank gathered input from employees on their entity's existing culture as well as the culture and values they hope to see the new bank espouse. The findings showed employees at both Societe Generale and Crédit du Nord to be deeply committed to professionalism and customer satisfaction. Employees at both banks also rated teamwork highly and pointed to the importance of receiving recognition from their superiors;
- **maintaining and even boosting employer appeal** over the course of the merger. This has meant reviewing HR policies and revamping the employer brand. Hiring has kept pace with needs throughout the merger process, ensuring business as usual – with the same high standards of customer care – at both banks.

All measures implemented to support employees will remain in place through to full completion of all stages of the project.

5.1.2 BEING A RESPONSIBLE PURCHASER: THE POSITIVE SOURCING PROGRAMME

The Sourcing Function, led by the Group Head of Sourcing, handles the commercial and contractual aspects of all of the Group's external spending other than payroll expenses.

It plays an important role in implementing the Group's CSR strategy, by helping give tangible form to the Group's values and striving to ensure its social and environmental commitments are met.

First launched in 2006, Societe Generale's sustainable sourcing policy is translated into action plans (Positive Sourcing Programmes, or PSPs), each covering several years and involving the entire value chain, from partner vendors to buyers and suppliers.

The 2021-2023 PSP is the Sourcing Division's sixth PSP. Following on from its predecessors, it consolidates what has been gained thus far and focuses on two main priorities:

- upholding the CSR Duty of Care Plan (for more information, see "Duty of Care Plan", page 361);
- promoting positive-impact sourcing strategies.

The PSP is backed up by the Group's normative documentation on sustainable sourcing (the Societe Generale Code), which sets out how E&S risks are managed within the Group.

Societe Generale strives to continually improve its sourcing practices, in line with the rules of conduct and ethical standards applicable to procurement annexed to the Global Agreement on Fundamental Rights signed with UNI Global Union (see "Being a responsible employer", page 293). As a result, its practices have evolved in recent years to systematically take environmental and social issues into account in the sourcing process.

Early in 2022, the French National Ombudsman (*Médiation des entreprises*) and National Procurement Council (*Conseil national des achats*) unanimously approved the renewal of Societe Generale's Responsible Sourcing and Supplier Relations certification for a further three years. This certification, underpinned by ISO 20400, attests to the Bank's commitment to the sustainable sourcing policy it has pursued with its suppliers for over 10 years. The Group has been awarded "exemplary" status in managing risk, seeking out CSR opportunities and adding CSR considerations to its expressions of requirements when preparing calls for tender. Societe Generale was the very first bank to be awarded this certification back in 2012, further to its signature of the Responsible Supplier Relations Charter.

5.1.2.1 Improving E&S risk management during the sourcing process

5.1.2.1.1 POLICIES ON SUSTAINABLE SOURCING AND SUPPLIER RELATIONS

Sustainable Sourcing Charter and CSR clauses in contracts

Since April 2017, the Sourcing Function has routinely sent all its suppliers a copy of the Sustainable Sourcing Charter (*https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf*). This charter is the result of a joint initiative between French banking and insurance operators looking to involve their suppliers in the due diligence process. It sets out the Group's CSR commitments, obligations and expectations with respect to its suppliers, and has been translated into six different languages.

The reciprocal commitments set out in the charter are based on the fundamental principles of the United Nations Global Compact as regards human rights, working conditions, the environment and countering corruption.

A CSR clause is included in all standard contracts used by the Sourcing Division in France, as well as in those used by the Sourcing Function abroad. It refers to the Group's Code of Conduct, the Sustainable Sourcing Charter and the right for the Group to conduct on-site CSR audits, as well as the requirement for extra-financial assessments of certain suppliers (see below). This clause aims to involve suppliers in the due diligence process with respect to human rights, working conditions (health and safety), the environment and the fight against corruption (see Chapter 4, "Compliance risk – Anti-corruption measures", page 267).

On-site supplier audits

Under its CSR clause, the Group has the right to conduct CSR audits at suppliers' sites. Societe Generale has approved two external audit firms to assist it in this respect. Each year, the Group draws up an audit plan and performs an E&S risk analysis to identify which suppliers it will cover. In 2022, the Group continued with follow-up on the action plans approved further to the four supplier audits conducted in partnership with peers from the banking sector in 2020. It also performed two further supplier audits with another banking operator; follow-up on the associated remedial action plans begins in January 2023.

5.1.2.1.2 E&S RISK IDENTIFICATION

This step consists in identifying whether a supplier's practices and/or a product or service purchased presents a potential E&S risk.

Identifying E&S risks related to products and services: risk mapping

For details on this, see "Duty of Care Plan – Sourcing Pillar", page 364.

Identifying E&S risks related to suppliers: Know Your Supplier (KYS)

For details on this, see "Duty of Care Plan – Sourcing Pillar", page 364.

E&S assessment (of suppliers or products/services identified as presenting E&S risks)

For details on this, see "Duty of Care Plan – Sourcing Pillar", page 364.

Risk mitigation policies

The Group's policies on E&S risk mitigation are to a certain extent included in its policies on sustainable sourcing and supplier relations (see above). In addition, the Group also adopts the following strategies.

TRAINING ON E&S RISKS

Within the Sourcing Division, contributing to CSR performance by implementing the Positive Sourcing Programme is part of the job description for buyers and their managers. Individual operational objectives are set for categories involving high CSR risks. When they are first hired, all buyers are trained on sustainable sourcing as part of the in-house induction programme.

The Group's short motion-design video presenting its sustainable sourcing programme has been available to all employees on the Group intranet since 2020, so that those employees who are occasionally involved in purchasing but are not actually buyers can also be made aware of it. Certain adaptations have been made to the Sustainable Sourcing training module too, to take into account procurement that does not go through the Sourcing Division. All Group entities are given training on E&S risk management and entities can request training from the Sourcing Division if they so wish. The first of these training sessions took place in December 2022. All employees also take training on environmental and social risks.

E&S RISK MONITORING

In addition, the Sourcing Division monitors E&S risk indicators in relation to its calls for tender and suppliers on a quarterly basis. For information on this process, see the section on monitoring of duty of care measures on page 365 and the report on effective implementation of the duty of care measures and details of the outlook and planned developments, on pages 368 and 370, respectively.

5.1.2.2 Developing positive-impact sourcing

Three priorities have been defined for the 2021-2023 Positive Sourcing Programme, in line with the Group's CSR Ambition:

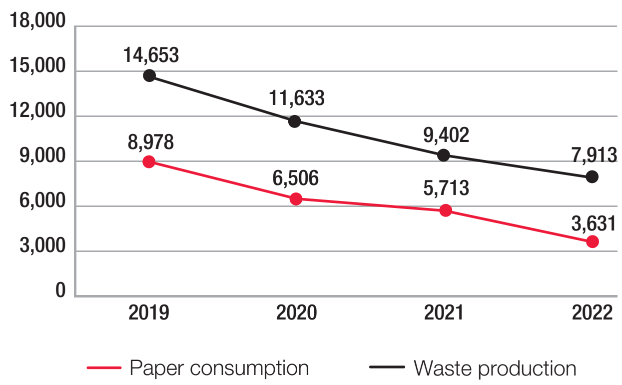
- quality of supplier relations: the Sourcing Division aims to set an example in its relations with its suppliers and to increasingly make CSR considerations a factor in those relations. In addition, Societe Generale prefers to resolve any disputes between buyers and suppliers through mediation if they cannot be resolved directly between the parties concerned. Societe Generale was the first bank to sign the SME Pact in December 2007 and continues to support SMEs, remaining attentive to their concerns and conducting regular satisfaction surveys. In the survey launched towards the end of 2021, SMEs reported an overall satisfaction score of 73% – an excellent result. At the SME Pact seminar held on 30 September 2022, Societe Generale was awarded the CSR Trophy for the environmental and social policy it pursues with its suppliers;
- the Social and Solidarity Economy (SSE): in France, Societe Generale resolved to earmark increasing direct expenditure for SSE structures, setting itself the target of spending EUR 14 million a year with them by the end of the 2021-2023 PSP. The PSP has boosted the Group's contribution to the supported and sheltered employment (SSE) sector, extending the reach of its partnerships with organisations that help people with physical or mental disabilities get work, as well as with other SSE structures;

- climate action: the Sourcing Division advises the Group's various entities on how they can cut down on emissions from air and car travel, and helps them do it, with a view to meeting the Group's overall target of a 50% reduction in its emissions between 2019 and 2030. It also plays an active role in the Group's efforts to promote biodiversity. More specifically, it is working with its suppliers to come up with alternatives to petroleum-based single-use plastics, in light of the Group's stated aim of banning them in the workplace by 2025.

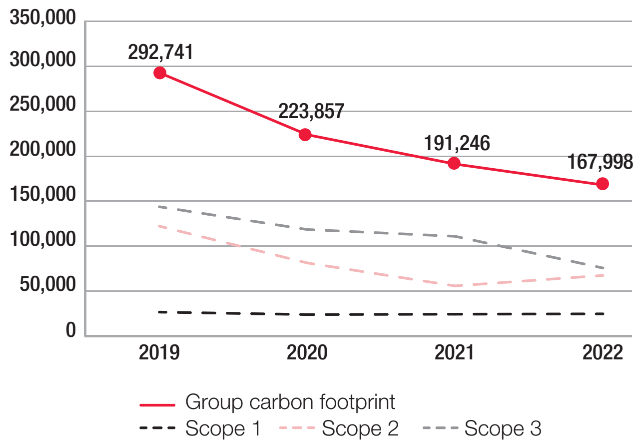
	2020	2021	2022	Target
Total Group purchasing	EUR 5.5bn	EUR 5.8bn	EUR 6.5bn	N/A
Average invoice payment time (weighted by amount)	31 days	27 days	32 days	< 30 days
Average weighting of CSR criteria in calls for tender	14%	14%	14.5% in France	N/A
Expenditure directed to SSE structures	EUR 10.1m	EUR 12.4m	9.2% for international businesses	EUR 14m
Proportion of suppliers under contract within the target scope assessed by an independent third party on extra-financial issues	80%	89%	87%	90%
Proportion of calls for tender in high-risk purchasing categories that included CSR criteria	100%	99%	99%	100%
Proportion of buyers trained in sustainable sourcing	100%	100%	100%	100%

5.1.3 BEING A COMPANY THAT CARES ABOUT THE ENVIRONMENT

WASTE PRODUCTION AND PAPER CONSUMPTION (IN TONNES)



GROUP CARBON FOOTPRINT (T OF CO2 E)



Historical data are presented on a reported basis.

5.1.3.1 Managing the Group's carbon footprint

As part of its CSR approach, Societe Generale has been working on reducing its carbon footprint for a number of years.

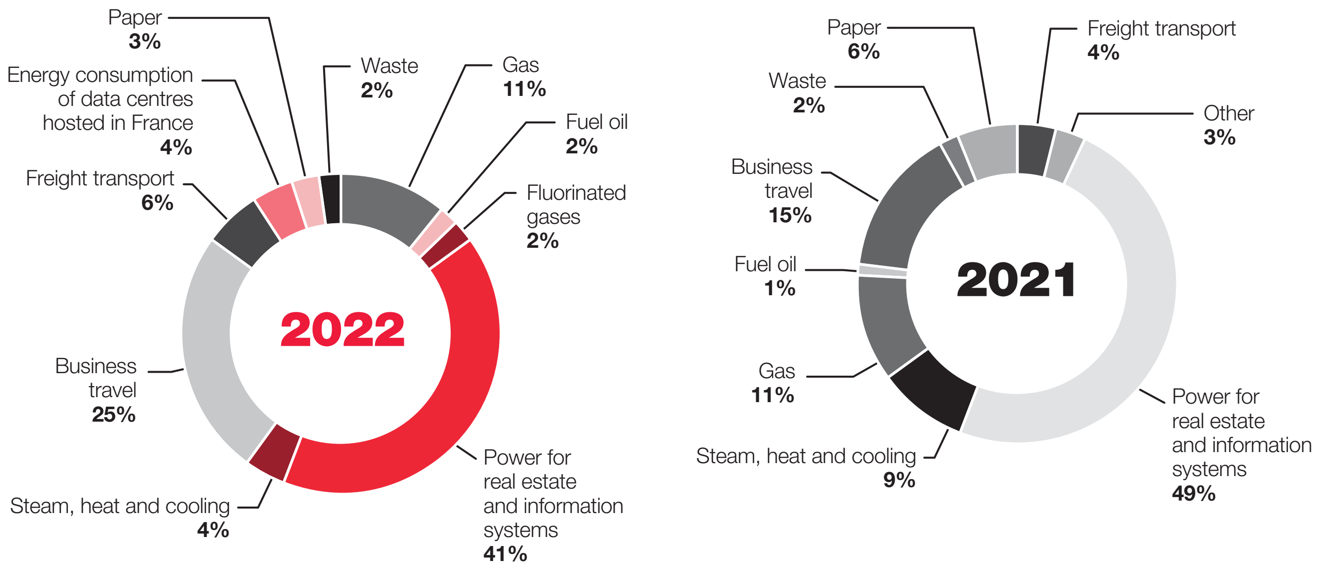
In 2021, the Group ramped up its goals up a notch, announcing a target of a 50% reduction in its operational carbon emissions between 2019 and 2030, through measures focused on energy use relating to its premises, IT, air travel and car fleet. By the end of 2022, the Group had achieved a 35% reduction as compared to its 2019 carbon footprint and was thus on track to meet this target.

Over the year, responsibility for reaching this target was shared with the BUs and SUs, now tasked with implementing operational measures within their respective remits to build on the progress achieved Group-wide thus far.

The main areas identified in 2021 as offering potential for emissions reductions were as follows:

- air transport and car fleet: by reducing business travel (*i.e.*, travelling less) and making it greener (*i.e.*, travelling cleaner, for example by switching to electric vehicles for the car fleet or opting for more efficient routes/airlines);
- IT: the Group keeps a very sharp eye on its IT carbon footprint and has a special programme in place to reduce it – CSR by IT (see "Sustainable IT Charter", page 319 and "Information Systems and IT infrastructure", page 310);
- real estate: by using more renewable energies and benefiting from the reduction in consumption made possible by new ways of working post-pandemic (more remote working, smaller building footprint for the Group).

BREAKDOWN OF THE GROUP'S DIRECT CO_2 EMISSIONS IN 2022 AND 2021



* *Transport of goods, including transport of funds.*
NB: Data published in 2021.

		2019 Location-based[4]	2019 Recalculated location-based[1]	2020 Location-based	2021 Location-based	2021 Recalculated location-based[1]	2022 Location-based	2022 Market-based[4]
Overall Group carbon footprint	$tCO_2eq.$	292,741	257,353	223,857	191,246	164,880	167,998	152,405
Carbon footprint per occupant	$tCO_2eq./occ.$	2.38	2.11	1.81	1.55	1.39	1.43	1.30
Scope 1[2]	$tCO_2eq.$	26,722	26,824	23,999	24,415	24,531	24,777	24,336
Scope 2[3]	$tCO_2eq.$	143,791	113,792	118,495	110,981	87,546	75,743	60,591
Scope 3[4]	$tCO_2eq.$	122,228	116,737	81,363	55,849	52,804	67,478	67,478

(1) *Change in scope due to the disposal of Rosbank, LLC Rusfinance bank, BRD Asigurari de Viata/BRD Pensii, and the addition of newly consolidated ALD Automotive subsidiaries (Limitada in Chile, Peru SAC, and SAS in Colombia).*
(2) *Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases.*
(3) *Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water).*
(4) *Scope 3 covers GHG emissions from all office paper consumption, business travel, waste, transport of goods and energy consumption of data centres hosted since 2017. In addition to satisfying a clear and firm demand from its stakeholders, the Group's consideration of its direct environmental impact is also a key factor in employee engagement and a source of innovative solutions.*
NB: *Location-based: method for calculating a company's CO_2 emissions from electricity consumption based on emission factors relating to the average electricity mix in the country in question.*
Market-based: method for calculating a company's CO_2 emissions from electricity consumption based on emission factors relating to the suppliers from which it buys its electricity.

After consistently shrinking in recent years, the Group's carbon footprint remained relatively unchanged in 2022. Business travel (scope 3) started to tick up again post-Covid, although this was partially offset by further reductions in the Group's own electricity consumption (scope 2).

Note: there is some data uncertainty in the indicators reported for the Group's direct CO_2 emissions. The limits of the associated data collection, verification and reporting methods suggest that there is room for improvement in terms of data quality (for more information, see the Methodology note on page 354).

5.1.3.1.1 INTERNAL CARBON TAX AND THE ENERGY & ENVIRONMENTAL EFFICIENCY AWARDS

Through its Energy & Environmental Efficiency Awards, Societe Generale encourages its employees to come up with innovative environmental initiatives, awarding the best of them grants funded by the Group's internal carbon tax. These grants are spent on initiatives that have not only reduced the Group's environmental impact but also generated financial savings.

In taxing its entities' carbon emissions (at EUR 25/$tCO_2eq.$ since 2022), the Group hopes to encourage greener habits and efforts to make its buildings more efficient, stimulate low-carbon investment, identify and seize low-carbon opportunities and reduce the environmental impact of its sourcing.

The 2022 awards recognised initiatives representing efficiency gains for the Group of EUR 1 million and 4,300 tons of CO_2.

5.1.3.1.2 GREEN IT – CODINGAME

Societe Generale has been talking to its employees and stakeholders about Green IT for a number of years. Following on from its signature of the Sustainable IT Charter and a series of masterclasses run by experts in the field, it has now turned to gaming as a way of communicating on sustainable IT and helping the Group towards its goal of a 50% reduction in its digital carbon footprint by 2025.

Developers are invited to take part in the international Green Circle* challenge: a serious game* developed by Societe Generale together with CodinGame. The idea behind the game is to get participants thinking about how they can adapt the way they code to reduce their environmental impact. Some 7,300 people representing around a hundred different nationalities took part, with the final leaderboard featuring 61 company teams and 67 university teams.

5.1.3.1.3 AN ECO-SCORE INTRODUCED IN FRANCE TO HELP WITH DECISION-MAKING WHEN PURCHASING PROMOTIONAL ITEMS

The catalogue of promotional items available to French entities now includes an "eco-score" to help buyers when deciding which suppliers to work with. This score, assigned to each item by a team of experts and representing its environmental and social impact, is an additional aid on top of the Group's rigorous supplier quality and sustainability requirements. It is calculated based on seven criteria: provenance of the products, raw materials used, type of marking and ink used, recyclability, durability, packaging, and the regulatory standards met/certifications awarded.

5.1.3.2 Responsible use of resources

ENERGY CONSUMPTION

To address the energy challenges facing Europe today, the French government has launched an energy savings plan and relies on the widespread commitment of players in the public and private sectors.

Societe Generale participates in the national effort requested by the French government through an energy savings plan targeting a 10% reduction in its energy consumption (gas, electricity and fuel) within two years compared with 2019. Furthermore, it has signed the EcoWatt Commitment Charter drawn up by RTE* and ADEME*, which aims to improve electricity consumption and reduce the risk of power cuts in France. Societe Generale has implemented the following energy-saving measures:

- reducing the temperature of heating to 19°C and reducing the use of air conditioning in premises where the temperature exceeds 26°C. These measures will be managed internally for the Group's main buildings in France, and locally across the 3,000 sites of the Societe Generale and Crédit du Nord networks;
- changing the level of lighting in our premises by modernising technical solutions, accelerating the installation of LEDs, and turning off lights in unoccupied offices as well as unnecessary light displays;
- moderating energy consumption by continuing efforts to reduce standby times for electrical appliances, screens and photocopiers.

These energy-saving efforts, together with measures implementing other legislative requirements (those of the French Decree on reducing energy consumption in service sector buildings, for example) will help achieve the overall, more ambitious CO_2 emissions target set by the Group for 2030.

RENEWABLE ENERGIES

Societe Generale is committed to the environmental transition and strives to reduce its carbon footprint by using renewable electricity and renewable biomethane gas.

For several years, the Group has been increasing the share of renewable electricity in its total energy consumption through Guarantees of Origin and the Power Purchase Agreement (PPA), which cover:

- since 2015, in France, all the Group's corporate centre buildings;
- and since 2019, all Societe Generale and Crédit du Nord branch networks in France.

Societe Generale and Crédit du Nord also signed their first guarantee of origin agreement in 2021 to supply renewable French biomethane gas to power all branches equipped with gas boilers. This three-year contract will reduce the French branch network's gas carbon footprint by 80% per kWh, which equates to 4,341 fewer tonnes of CO_2 emitted per year. The agreement will support the renewable energy sector in France and help to develop the biomethane sector in France and Europe.

ALD Automotive announced that all of its French-based sites have been powered by French-sourced renewable electricity since 1 January 2021 (guaranteed by an independent third party), under its Move 2025 strategy to put sustainability at the heart of what it does.

Several entities have also embarked on the process of obtaining energy efficiency certificates for some of their buildings, such as in Romania, India and the Czech Republic. Others, mainly those of the AFMO (Africa and overseas France) BU, generate a portion of their own energy through solar panels installed on their buildings. Studies are conducted during real estate projects to expand this self-generation across various types of buildings (corporate centre buildings, bank branches, independent branches, car parks, etc.).

REAL ESTATE (OPTIMISING THE BANK'S BUILDINGS: SURFACES, TECHNOLOGIES AND ACCESSIBILITY)

Moving beyond energy supply, and as the Group intensifies its CSR efforts, the Real Estate Division is working with all sites in France and abroad to improve the Group's building energy efficiency.

The Real Estate Division has set up an energy pilot programme for buildings larger than 1,000 m^2 to achieve the target of reducing building energy consumption by 40% by 2030, compared with 2019, as set by French regulations (French Decree on reducing energy consumption in service-sector buildings).

Since 2018, all French network branches have software producing a monthly breakdown of water, electricity and gas consumption data, thereby promoting the application of corrective measures, as required.

In addition, the Group's Real Estate Division is implementing a 2021-2025 programme to manage the changes to corporate buildings and workspaces to keep pace with remote and hybrid forms of working that emerged during the pandemic.

The programme addresses three issues: the need for performance, combined with the challenges of providing clients and staff with a seamless digital experience, and the changes to jobs and how we work. The division also works with international entities interested in developing similar programmes. Key points include:

- responding to changes in the French Retail Banking business and the customer relationship model, digitalisation and automation of operations, and reconfiguring the layout of Bank branches;
- adapting business premises to factor in the needs of people with disabilities;
- in particular, the following real estate programmes were carried out:
  - seven Group entities in Lyons occupy approximately 5,000 m^2 of office space in the same property complex, chosen partly for its environmental certifications (BREEAM NC 2016: Very Good; HQE *Bâtiment Durable: Excellent*,
  - the new building in London is certified "BREEAM Outstanding". In particular, the entity has a building management system to monitor heating and ventilation, which is essential to help reduce energy consumption,

- the new Sakura building complex in Fontenay-sous-Bois, just east of Paris, is designed to operate as a flex office. It offers various services (business centre, wellness areas, retail outlets, concierge service and responsible catering areas) to improve the users' everyday routine. Sakura has achieved several environmental certifications (BREEAM NC 2016: Very Good; HQE Bâtiment Durable: Excellent, WELL building standard, Core and Shell: Gold).

INFORMATION SYSTEMS AND IT INFRASTRUCTURES

Societe Generale has a long-standing commitment to responsible digital technology.

In November 2019, Societe Generale was one of the first companies to sign the Sustainable IT Charter to help limit the environmental impact of technology and promote digital inclusion.

For more information on this topic, see Sustainable IT Charter, page 319.

In 2019, Societe Generale launched the CSR by IT programme, which continued to be rolled out in 2022. Led by the Cross-business Information Systems Division, this programme comprises 300 digital experts who worked in 18 working groups in order to disseminate operational deliverables to all IT Departments Group-wide. This launch went hand-in-hand with the introduction of a united governance including the various CSR managers of the IT Departments. This programme's efforts were broken down into seven categories:

- norms and standards: defining and applying CSR criteria to existing Group methodologies (digital project, IS architecture, IT sourcing);
- developing CO_2 calculators: defining assumptions, benchmarks and calculation methods to develop CO_2 measurement tools;
- social responsibility: diversity and inclusiveness targets for developers and digital users;
- the IT foundation: measures to reduce the energy consumption of IT infrastructure and equipment;
- data and AI (artificial intelligence): assessing and reducing the environmental impact of data storage, transfer and processing;
- eco-design and e-accessibility: designing and developing a more energy-efficient and accessible information system;
- CSR transformation by design: disseminating CSR by IT methods, standards and tools within all entities as quickly as possible.

These efforts were effective in implementing the first energy-reduction measures:

- migrating our historical datacentres to more energy-efficient sites in France and abroad;
- optimising the energy consumption of our infrastructure, green energy use in France and abroad, and the recycling and reuse of end-of-life IT equipment;
- rolling out training and tools to support our 25,000 IT experts in practices relating to eco-design, green coding, responsible data, and e-accessibility;
- and lastly, developing a dashboard and calculator in-house to measure the carbon footprint of the Group's IT system;
- waste minimisation is covered in page 311.

In order to effectively monitor the implementation of the Group's Responsible Digital strategy, Societe Generale has developed its first calculator. This tool is used to measure the energy consumption of all infrastructure equipment hosted in the Group's datacentres or by third parties, to identify the energy consumption of all workplace equipment used by employees and external workers, to assess the energy consumption of Cloud suppliers, and to calculate the energy used by the buildings housing the Group's IT teams. The information is used to calculate the CO_2eq emissions generated by equipment, the activity of our IT teams, and that of digital service suppliers, depending on the local energy mix. These measures will be provided to the BUs/SUs, allowing them to track and adapt their trajectories and to contribute to the reduction target set at Group level.

Two further calculators are being developed and will be used first during project scoping and application design, and then at the end of the project or upon delivering the applications. The aim will be to assess the effects of various actions and, accordingly, to measure the emissions avoided through the Responsible Digital approach. These calculators are essential tools for team management and training.

Lastly, on the social front, three additional initiatives were introduced to include people with disabilities:

- integrating and supporting employees with disabilities, with assistance from Mission Handicap;
- sourcing from businesses in the supported and sheltered employment sector. The Group's principal IT Departments set themselves targets in 2018 with a view to increasing the proportion of IT services sourced from the supported and sheltered employment sector;
- making the Group's digital services accessible.

BUSINESS TRAVEL

As part of its commitment to reduce its carbon emissions by 50% by 2030 compared with 2019, the Group has launched special actions to minimise the impact of its business travel. Accordingly, since 2021, the Sustainable Development Department and the Group's Resources and Innovation Division have helped all Group BUs and SUs to identify the different qualitative and quantitative levers applicable – especially with regard to air travel and its fleet of cars.

Accordingly, the BUs and SUs have significantly reduced their air transport in recent years and should maintain this much lower level (compared with 2019) over the next two years. The BUs and SUs are kept informed of the carbon impact of each trip so that they can plan accordingly. By way of example, the BUs and SUs are advised to choose train over air travel, whenever possible, for all journeys of less than 3.5 hours. The proportion of electric vehicles in the Group's fleet of cars is steadily increasing in France and in other countries, where permitted, allowing it to further reduce the overall carbon impact of its business travel.

French Retail Banking launched Mobility Transition in 2020, an initiative to green its fleet of cars, which accounts for 60% of Societe Generale's entire fleet. It has three aims:

- comply with new government regulations designed to push carmakers into producing greener cars. One of the main pieces of legislation is the Mobility Law[1] (LOM);
- fit in with the overall CSR strategy to shrink the Group's impact on the environment;
- optimise costs.

Following this project, a new catalogue of cars has been developed and the lease terms extended from 48 to 60 months. Furthermore, 47 electric vehicles were ordered at the end of 2021, saving Retail Banking's vehicle budget around 9% in operating expenses over the period 2021-2022.

Optimisation of the fleet should be complete by 2023 with all diesel engines phased out.

With more electric vehicles comes the need for more charging points. A three-year contract has been signed with Mobilize Power Solutions, a Renault Group subsidiary, to install 190 electric vehicle charging points in the Societe Generale and Crédit du Nord networks (service for internal use only).

In another pilot to encourage cycling, French Retail Banking installed a shared electric bike station (in Marseilles), using a solution offered by ALD Automotive and its partner GREEN ON.

Electric vehicles will gradually replace the corporate fleet of Komerční banka (KB) in the Czech Republic. In 2022, ALD Automotive supplied 69 electric vehicles.

Lastly, the Group is planning to update its travel and car policies to reflect CSR targets.

RESOURCE MANAGEMENT DATA

	2019	2020	2021	2022
Energy consumption				
2025 target: reduce consumption by 35% compared with 2014 (848,654 MWh)	-19%	-30%	-32%	-41%
Total energy consumption *(MWh)*	687,590	589,750	580,767	497,692
Total electricity *(MWh)*	512,122	441,984	421,823	367,365
Share of green energy in Group electricity consumption *(%)*	48.9	50.5	52	
Real estate				
Group real estate *(m^2)*	4,000,000	3,250,000	3,170,788	3,091,097
Corporate centre buildings ISO 50001* certified *(number)*	22	22	21	21
Mobility				
Km travelled by all employees *(in millions)*	423	272	201	242
Number of electric vehicles in the Group's fleet of cars	n/a	n/a	n/a	680
Portion of electric vehicles in the Group's fleet of cars	n/a	n/a	n/a	30%

NB: Historical data are presented on a reported basis.

5.1.3.3 Waste management and the circular economy*

Societe Generale works on reducing consumption and waste of resources and also takes steps to cut down on food waste.

TACKLING FOOD WASTE

In 2019, Societe Generale signed the Charter against Food Waste and joined the non-profit *La Défense des Aliments* to team up with other companies from the business district to tackle the scourge of food waste.

In line with this commitment, the Group entered into a partnership in 2018 with another non-profit, *Le Chaînon manquant**, for the collection of leftover food from its cafeterias at La Défense and for meal distribution. This partnership was rounded off by several redistribution initiatives to donate leftover food from the Group's corporate events to local charities. Lastly, Societe Generale uses the Too Good To Go* app to sell unsold products from four cafeterias (at La Défense and Val-de-Fontenay) to employees at a reduced price.

In the majority of cafeterias, the remaining waste is then sorted and methanised. The Group also works with a third non-profit, *Phenix**, to cut food waste and raise awareness about more responsible practices.

In France, the requirement to sort bio-waste at source has been brought forward under new legislation to 31 December 2023. But, without waiting for this deadline, the Group has already acted to introduce measures to process and reuse bio-waste. Since September 2020, all leftovers from the Group's cafeterias at La Défense have been composted by Les Alchimistes[2] (specialist in the collection and composting of organic waste). Located close to collection sites, Les Alchimistes teams collect the waste from the Group's canteens in electric vehicles.

(1) Drafted by the Ministry of Transport, the Mobility Law (Loi d'Orientation des Mobilités, "LOM") overhauls France's December 1982 transport laws. It aims to improve transport links and make everyday mobility easier for all. Achieving these aims means new regulations on using different forms of transport: cars, bicycles and mopeds, public transport, etc.

(2) See more information (in French only) on Les Alchimistes here: https://alchimistes.co/valorisation-biodechets-compostage/.

PAPER

Societe Generale has reduced paper consumption (the main consumable used by service activities) by a range of measures in place across the Group, including good printing practices, moves towards digital rather than paper resources, and using recycled paper.

A Societe Generale representative sits on the Board of Directors of CITEO, a not-for-profit company formed from the merger between Eco-emballages and Ecofolio that promotes the circular economy*.

Societe Generale is increasingly digitising its product offering to make its services greener, more practical and more economical. French Retail Banking customers with life insurance or individual personal protection policies now have the option to go paperless and receive secure online statements and due date notices on their website for private customers.

In another responsible innovation for its customers, Societe Generale launched its first debit card made from recycled materials in 2021. French Retail Banking features the Smurfs for the card, echoing the United Nations' Small Smurfs Big Goals Campaign to call attention to the 17 Sustainable Development Goals[1].

These exclusive new Visa Evolution, Visa and Visa Premier cards in the Planet Smurfs Collection (made from 85.5% recycled materials and at no extra cost, due to the use of recycled PVC) are offered to individual customers.

The Group's new services reflect its commitment to protecting the environment, and these recycled PVC cards are part of a responsible approach to managing bank cards:

- made in France according to the strictest standards;
- limited quantities to avoid overproduction;
- eliminating the bulk of correspondence, using recycled paper and developing online services;
- waste collection, recycling and recovery system with certified partners:
  - Societe Generale processes dynamic cryptogram bank cards considered electrical and electronic waste as a priority; accordingly, these cards are collected in bank branches, sorted, and sent for recovery to the company *Atelier du Bocage* in the sheltered employment sector;
  - regular bank cards (without a dynamic cryptogram) recovered in the branches are destroyed and mainly sent to an incineration plant to produce energy.

WASTE MANAGEMENT

The Group strives to minimise the direct impact of its waste on the environment through recycling. Selective sorting in five streams (paper and cardboard, metal, plastic, glass and wood) is widespread in all Societe Generale branches and central buildings.

To encourage employees to sort their waste, individual waste bins are no longer provided in the new flexible workspaces in Corporate Centre buildings. Recycling sorted by category in "print corners", kitchens and cafeterias are essential to improving waste management in these buildings. On top of this, waste is further sorted before disposal where possible, resulting in an additional 20% improvement in sorting of ordinary industrial waste (OIW).

All the waste sorted in Corporate Centre buildings since 2021 was recycled, including paper (newspapers, sheets of paper, ads, boxes), plastic bottles, paper cups, cans, glass, wood, bulky equipment and furniture items, and, since September 2020, bio-waste from the cafeterias in Tours Societe Generale at La Défense.

For the most part, non-recycled waste (which includes surgical masks under government recommendations) is converted to energy in incinerators for use in urban heating.

The Group is also spreading the word amongst employees about the importance of steering clear of plastics and using recyclable materials. In November 2021 it committed to banning single-use plastics from the workplace by 2025, and earlier if possible, depending on location.

FURNITURE

The Group Real Estate Division is tasked with transferring occupants and outfitting workspaces in the Paris region, which were affected by changes in working habits due to the rise of remote and hybrid working. It is responsible for the supply and management of furniture (offices, meeting tables, chairs, cupboards, lockers, cloakrooms, etc.) for buildings according to the entities' needs.

When a new furniture bid is selected, the old furniture is stored until it can be used in new office layouts. However, some items do not meet the standards for new layouts and cannot be reused in the Group's buildings.

In keeping with the Group's CSR policy, the Real Estate Division has decided to revive this furniture. In 2022, the Group capitalised on the roll-out of the so-called Déclic layout concept to amplify this revival strategy. Furniture with a total volume of 2,515 m^3 was resold, including 370 m^3 to employees. Furthermore, 3,570 m^3 was given to organisations in the *Talents & Partage* network, to public utilities (schools, police, gendarmerie, firemen, army and hospitals) and to ARES, a rehiring firm. Lastly, any obsolete items that could not be sold were collected for recycling by Valdelia.

CIRCULAR ECONOMY AND REDUCTION OF DIGITAL-RELATED WASTE

The effort to reduce digital waste went together with two complementary partnerships:

- giving a second lease of life to IT equipment for which the Bank no longer has any use. In France, end-of-life equipment is sent to Recyclea in the supported and sheltered employment sector, under a 2019 agreement. Where possible, equipment is reconditioned for resale to other companies within France and throughout Europe. Any items that cannot be reconditioned are sent for recycling in France;
- purchasing reconditioned devices. Since 2019, Societe Generale has partnered with a French SME to offer its employees telephones reconditioned in France;
- in October 2021, Societe Generale and Qarnot's partnership took a big step forward with the installation of 1,000 processing cores in a building in Kankaanpää, Finland. These cores are running pricing calculations for the Bank and at the same time, *via* associated digital boilers, contributing to the city's heat network. The setup is able to reuse 91% of the heat produced by the processing cores. This project will help Societe Generale's market activities reduce the carbon footprint of its price calculations by 80% compared to using classic cloud computing solutions;

(1) In 2017, the United Nations kicked off its Small Smurfs Big Goals Campaign to encourage the general public to buy into the 17 Sustainable Development Goals adopted by the 19 UN member states in 2015. For more information, see https://www.un.org/press/en/2017/envdev1775.doc.htm.

- in 2022, ahead of Cyber World CleanUp Day, the Group encouraged employees to clean up their data and reminded them that all digital files and data that are no longer needed continue to consume energy. In addition, they reduce the lifespan of digital devices and require additional equipment to be purchased to store the ever-growing volumes of data;
- the Group's Global Technology Services Department is working to develop My Digital Carbon Footprint, a solution that will indicate the carbon footprint of employees' digital activity to help control it.

	2019	2020	2021	2022
Waste management				
Waste production *(in tonnes; including methane gas production)*	14,653	11,633	9,402	7,913
Total waste recycled *(tonnes)*	8,432	5,224	3,950	3,434
% of recycled waste	58%	45%(2)	42%(2)	43%(2)
Paper				
Total paper use(1) *(tonnes)*	8,978	6,506	5,713	3,631
Proportion of paper recycled	44%	41%	42%	44%
Reduction of digital-related waste				
Items recycled by Recyclea	30,000	47,615	40,488	44,224

(1) Including office paper, documents for customers, envelopes, account statements and other types of paper.
(2) Stability in the proportion of recycled waste is due to the gradual elimination of recyclable single-use products (in particular plastic cups and bottles).

5.2 BEING A RESPONSIBLE BANK

The financial sector has essential resources to advance the current transition to a more responsible economy. At a time when leading global companies are working to achieve a low-carbon economy, financial players need to support them and to set an example. Over and above its conventional role as a financial institution, the Group believes it has a duty to reinvent itself in order to effectively facilitate its clients' ESG transformation by:

- helping them to better understand ESG challenges;
- making experts available to help them get to grips with their new environments;
- playing an active role in alliances to promote new standards and come up with new solutions.

The Group is fully aware of its role in the economy and strives to further its corporate purpose. As such, it has launched the holistic "Building together" initiative to work ESG aspects into all its activities and be able to bring its CRS goals to fruition. This approach is based on three considerations:

1. **rethinking the banking profession:** revising the business structure to include new responsibilities while seeking to develop a holistic vision of the clients' professions as a way to work together to identify opportunities to ramp up their transition;
2. **effecting the transformation:** systematically incorporating ESG considerations into all strategic decisions and the Group's processes, and applying them to the business lines;
3. **fostering awareness by training teams:** providing ESG training to all employees.

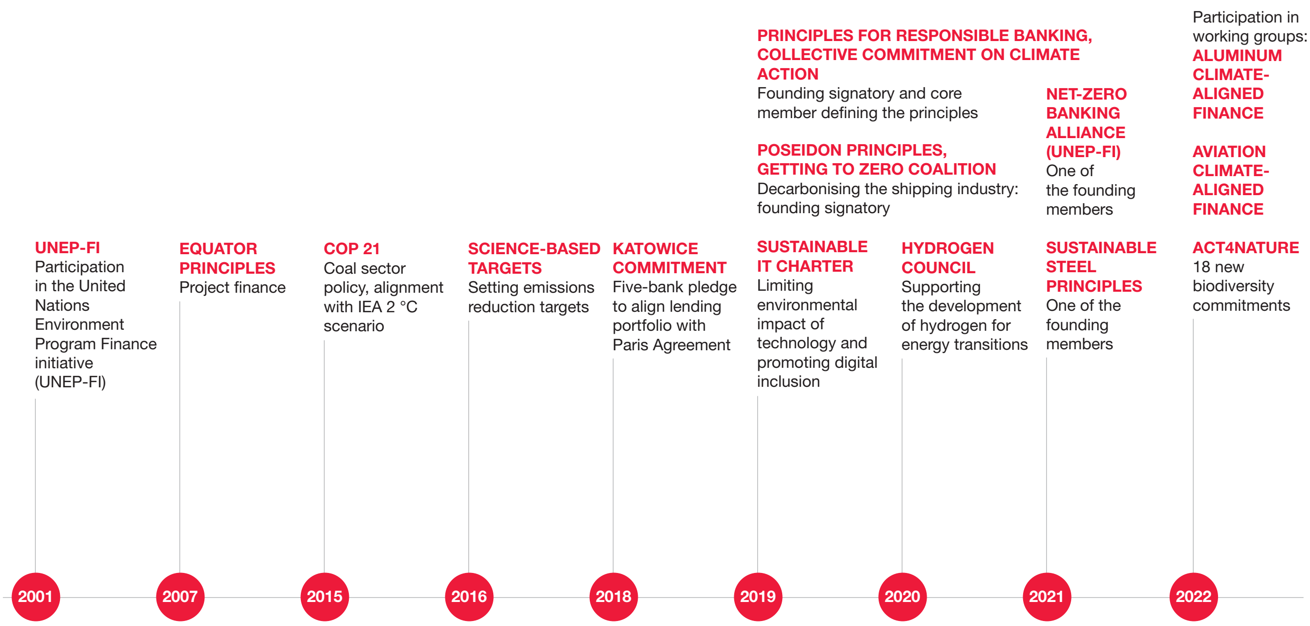
These developments support the Group's commitment under the United Nations Principles for Responsible Banking. The present chapter sets out all the progress made in each of the six principles: Alignment (see "Taking action and building a sustainable future together", page 314 and "Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C", page 319), Supporting large corporates in their environmental and social transition", page 327), Clients (see "Client satisfaction at the heart of our dialogue", page 335 and "Protecting clients and their assets under all circumstances", page 338, "Respecting clients' interests and tackling discrimination", page 339), Stakeholders (see "Dialogue with stakeholders", page 335), Governance and culture (see "Incorporating CSR at the highest level of governance", page 343, "Rolling out a Code of Conduct based on shared values", page 345) and Transparency and responsibility (see "Acting in full transparency," page 348).

5.2.1 A COMMITTED BANK

5.2.1.1 Taking action and building a sustainable future together

Conscious that the banking sector has a key role to play in transitioning towards a sustainable future, Societe Generale has voluntarily committed to a number of actions designed to accelerate positive societal transformation. In light of socio-economic challenges, the Group prioritises collective initiatives to strengthen collaboration between financial institutions, private and public economic players, and civil society. **The Group has therefore helped found or participated in various global cross-disciplinary initiatives.** The environmental transition, in particular, calls for significant investment and a redirection of capital flows. Jointly developed methodologies and standards will enhance transparency and boost the impact of the positive changes made.

Societe Generale's resolve to help drive the transition towards a sustainable future prompted its active role in recent years in various partnerships aimed at promoting a common collective framework, and its decision to become a founding signatory of the Principles for Responsible Banking, and more recently a founding member of the Net-Zero Banking Alliance.



5.2.1.1.1 PRINCIPLES FOR RESPONSIBLE BANKING

Officially presented at the UN General Assembly in September 2019, the Principles for Responsible Banking aim to define the role of the banking sector in building a sustainable future, in line with the United Nations Sustainable Development Goals (SDGs) and the 2015 Paris Agreement on climate change. Societe Generale is a founding signatory of the Principles.

The six principles define a common framework that allows each signatory bank to make commitments aimed at increasing its positive impact or reducing its negative impact on society and the environment. The principles include aligning activities with the Paris Agreement goals and the United Nations Sustainable Development Goals (SDG), setting targets in terms of positive impacts and reduction of negative impacts, providing responsible support to clients, consulting and cooperating with stakeholders, developing a responsible banking culture and governance, and making targeted and public commitments and subsequently reporting transparently on their achievement.

Societe Generale's CSR ambition aims to align the Bank with the Principles for Responsible Banking and to ensure it contributes to positive change for a sustainable future, as reflected in the Group's fourth Integrated Report *(https://www.societegenerale.com/sites/default/files/documents/2021-07/Integrated-Report-2020-2021.pdf).*

2022 UPDATE

- **Principle 1 – "Alignment" and Principle 2 – "Impact & Target Setting":** see Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C (from page 319) and Supporting large corporates in their environmental and social transition (from page 327).
- **Principle 3 – "Clients & Customers":** see Dialogue with the client base to ensure satisfaction (from page 337).
- **Principle 4 – "Stakeholders":** see Dialogue with stakeholders (from page 335).
- **Principle 5 – "Governance & Culture":** see Chapter 3 - Group governance (from page 70) and Chapter 5 - A respectful, transparent bank (from page 343).
- **Principle 6 – "Transparency and Accountability":** see Acting with complete transparency (from page 348).

5.2.1.1.2 NET-ZERO BANKING ALLIANCE

As a Founding Member of the UNEP-FI's Net-Zero Banking Alliance in April 2021, alongside 42 other international banks that now total 120, Societe Generale has committed to:

- aligning its portfolios and activities with pathways consistent with a maximum temperature rise of 1.5 °C;
- setting itself targets to be met by 2030 (or sooner) and 2050;
- focusing as a priority on its most emission-intensive sectors that will have a major impact in transitioning towards a low-carbon economy;
- basing its alignment targets on credible climate scenarios published by recognised bodies;
- being transparent, through annual reporting on its progress and action plans.

Societe Generale has committed to setting a series of alignment targets within 36 months of joining the NZBA. Nevertheless, the Group has been combating global warming for many years already. In 2020, it set its first targets in the energy sector by implementing methodologies based on science and applied by all the Katowice Banks. Since joining the NZBA, Societe Generale has continued to set its short-, medium- and long-term alignment targets based on scenarios that don't exceed (or only slightly exceed) a maximum temperature rise of 1.5 °C.

2022 UPDATE

In 2022, Societe Generale ramped up the alignment of its portfolio with the energy sector poised as its top priority. After the target, set in 2019, to reduce our exposure to coal to zero by 2030 in EU and OECD countries, and by 2040 elsewhere, the Group has set new interim targets:

- accelerate the decarbonisation of financing connected to power generation: the Group has already considerably reduced the carbon intensity of its exposure to the power generation sector by improving the energy mix of its portfolio through increased financing of renewable energies together with a reduction in the highest carbon-intensive sectors. Societe Generale has set itself a new carbon emission intensity target for its exposure to the power generation sector of 125g of CO_2 per kWh by 2030 (the previous target was 163g of CO_2 per kWh by 2030). This target is slightly more ambitious than the IEA Net Zero emissions scenario of 138g CO_2 per kWh by 2030;
- accelerate the downward trajectory in the oil and gas sector: Societe Generale was one of the first global banks to commit to a short-term target to reduce its exposure to upstream oil and gas in 2020 (-10% by 2025 *vs.* 2019). After implementing practical measures, including a withdrawal from reserve-based lending for onshore assets in the United States, the Group has now raised its reduction target to -20% by 2025 (*vs.* 2019);
- on top of this, in line with the IEA Net Zero scenario, Societe Generale has set itself an additional target to reduce scope 3 absolute emissions linked to the end-use of oil and gas production by 30% by 2030 (*vs.* 2019).

5.2.1.1.3 COMMITMENTS AND WORKING GROUPS TO ALIGN CREDIT PORTFOLIOS

Poseidon Principles

Societe Generale is one of the founding signatories of the Poseidon Principles, launched in 2019 together with other banks that finance the shipping industry and in collaboration with the Global Maritime Forum. **The Poseidon Principles aim to promote a low-carbon future for the global shipping industry** by integrating climate decision-making into portfolio management and lending decisions in respect of ship financing. The Poseidon Principles are consistent with the goal of the International Maritime Organization (IMO) to reduce emissions from the shipping sector by at least 50% by 2050 compared to 2008 levels. Societe Generale has also announced that it has joined the Getting to Zero coalition, which aims to develop and deploy commercially viable deep-sea zero-emission vessels by 2030.

For more information, see Aligning credit portfolios in various sectors, shipping, page 321.

Sustainable STEEL Principles (SSP)

Following the work carried out by the Steel Climate-Aligned Finance Working Group, of which Societe Generale was a co-leader, and in partnership with the Rocky Mountain Institute's (RMI) Center for Climate-Aligned Finance, a non-profit organisation that started this initiative, the Group and five other major lenders in the global steel sector signed the Sustainable STEEL Principles (SSP, available at https://steelprinciples.org/), the first climate-aligned finance agreement for the steel industry. The SSP are a turnkey solution for measuring and disclosing the alignment of steel lending portfolios with trajectories compatible with 1.5°C climate targets. Designed to support the achievement of net-zero carbon emissions in the sector, they will also provide the tools for effective client and stakeholder engagement. They strive to offer a methodology allowing banks to measure and disclose the carbon emissions of their lending portfolios in relation to net-zero emissions trajectories. The agreement will thus inform banks of the carbon intensity of their steel lending portfolios to facilitate their alignment journey toward net zero and 1.5°C climate targets. The NZBA steel sector working group, comprising over 16 financial institutions, plans to consider the SSP methodology as one avenue for achieving a bank's NZBA commitment for the steel sector.

SSP signatories undertake to observe the following five principles:

1. standardised assessment – a methodology to measure the carbon emissions of lending portfolios;
2. transparent reporting – a framework to disclose progress annually;
3. enactment – instructions to obtain credible, high-quality carbon emissions data;
4. engagement – signatories are encouraged to support clients with net-zero transition plans and advise them on available financial products;
5. leadership – signatories are encouraged to use the framework for advocacy, in the interest of the decarbonisation of the steel industry.

The SSP were established by leading lenders to the steel sector and are ready for adoption by banks around the world.

Aluminum Climate-Aligned Finance Working Group

Societe Generale has joined the Aluminum Climate-Aligned Finance Working Group as a founding member, alongside top lenders to the aluminium sector, partnering with RMI's Center for Climate-Aligned Finance to help decarbonise the aluminium sector. The working group will create a collective climate-aligned finance (CAF) framework that defines how lenders can support the decarbonisation of the aluminium sector. By signing up to the CAF framework, participating financial institutions commit to assessing and disclosing the degree to which the emissions associated with their aluminium portfolios are in line with 1.5 °C climate targets.

The working group comprises senior metals and mining leaders from each participating financial institution and will be facilitated by RMI's Center for Climate-Aligned Finance. It aims to create a CAF framework in consultation with leading aluminium and climate organisations, such as the International Aluminium Institute and the Aluminium Stewardship Initiative. The framework will create consistency and transparency in both reporting and measuring progress against climate targets. Financial institutions that adopt the final CAF framework will be able to assess the emissions of their aluminium loan books and work with their clients to report their emissions, fund lower-carbon solutions, and support investments in new technologies.

The working group will establish the measurement methodology, emissions benchmark, data and reporting framework, and governance structure for the CAF framework in collaboration with existing decarbonisation initiatives. The working group will invite other financial institutions to adopt the CAF framework and help set global best practices on climate for aluminium finance.

Aviation Climate-Aligned Finance (CAF) Working Group

Societe Generale has joined the Aviation Climate-Aligned Finance (CAF) Working Group (https://rmi.org/press-release/banks-chart-flight-path-to-decarbonize-aviation/) as a founding member, along with five other leading lenders of the aviation industry. They will work together at defining a methodology and common targets to foster the decarbonisation of the sector. This working group will help establish common measurement methodologies and emissions targets related to aviation financing, thus creating a level playing field for the sector's lenders to measure their alignment against climate targets. Financial institutions will be able to further work with their clients to support their transition journey by funding lower-carbon solutions and supporting investments in new technologies.

Consistent with the UN-convened Net-Zero Banking Alliance (NZBA), the participating financial institutions will annually assess and disclose the degree to which emissions from aircraft, airlines and lessors that they finance are in line with 1.5 °C climate targets.

5.2.1.1.4 EQUATOR PRINCIPLES

Adopted by the Group in 2007 and since revised several times, the Equator Principles (EP) are one of the initiatives underpinning Societe Generale's E&S General Principles. In their latest version, dubbed the EP4, which entered into force on 1 October 2020, the Equator Principles serve as a common framework for the financial sector and are designed to help signatories (136 international financial institutions across 38 countries as at 2 December 2022) identify, assess and manage the E&S risks associated with the major infrastructure projects they advise on and finance.

2022 UPDATE

In 2022, Societe Generale attended the EP Association's General Meeting and actively contributed to discussions regarding changes to the Association's governance rules and the production of guidance notes. Combining the strengthened biodiversity requirements of its sector policies and of the Equator Principles, the Group trained some 400 GBIS and International Retail Banking employees to use a tool for the early identification of biodiversity risks associated with the projects being considered for funding.

As in previous years, the Group published a report on its Wholesale Banking website describing how it had applied the Equator Principles over the year and listed those of its project financing transactions that fell within its scope. This report is available on the Group's website at:

https://wholesale.banking.societegenerale.com/fileadmin/user_upload/SGCIB/pdf/EQUATOR_PRINCIPLES_REPORT_2021.pdf.

5.2.1.1.5 GREEN INVESTMENT PRINCIPLES (GIP)

In Asia, Societe Generale signed the Green Investment Principles in November 2019. Defined by the China Green Finance Committee and the City of London's Green Finance Initiative, the GIP comprise seven principles for green investment, covering matters such as strategy, operations and innovation. They aim to guide financial institutions in adopting responsible practices in environmental and social (E&S) risk management and positive impact financial products in the countries targeted by the Belt and Road* initiative. The GIP Secretariat is also planning to compile a database of green projects to make infrastructure projects within these countries more transparent, while bridging the information gap between financiers and project developers.

The GIP overlap with and bolster certain other commitments made by Societe Generale, such as the Principles for Responsible Banking, the Equator Principles and the UN-PRI, signed by Societe Generale Private Banking and Societe Generale Assurances.

They come into play mainly with investments in Asia, making the Group's rollout of its E&S risk management framework in the region a key factor when implementing them.

2022 UPDATE

At the fourth plenary meeting of the Green Investment Principles held in Beijing in 2022, Societe Generale was presented with the Best Green Finance Transaction Award. The award recognises the overall performance of signatories with respect to the four main aspects of the GIP: governance and strategy, risk assessment and management, investment and corporate footprint, disclosure and engagement.

Societe Generale contributed to the third GIP annual report, which sets out several best practices implemented by the Group.

5.2.1.1.6 HYDROGEN COUNCIL

In August 2019, the Group became a member of the Hydrogen Council, a global initiative launched in connection with the 2017 World Economic Forum in Davos by major companies operating in the energy, transport and industrial sectors. The Hydrogen Council now boasts more than 120 member companies from across the various industrial and energy sectors involved in the hydrogen value chain: energy, oil and gas, chemicals, commodities, metals and mining, equipment manufacturers, cars and trucks, and other forms of transport (air, rail, shipping). The Council estimates that, by 2050, low-carbon hydrogen solutions could meet 18% of the world's energy demand and reduce annual CO_2 emissions by 6 Gt, illustrating its enormous potential for the energy transition (see the Hydrogen Council's November 2017 report entitled Hydrogen, Scaling Up). **Societe Generale intends to play an active role in developing these solutions.**

Societe Generale has joined the Hydrogen Council's new Investor Group, thereby reiterating its resolve – to push further ahead with its role in financing renewable energies – to use the Group's robust innovation, advisory, financing, and debt and equity structuring franchises to develop this energy of the future.

2022 UPDATE

Societe Generale helps hydrogen project leaders better understand how to attract investors and secure long-term financing for their large-scale projects. The Hydrogen Council's members work on a wide range of projects; as part of the Investor Group, Societe Generale focuses more specifically on financing for hydrogen transmission infrastructure and large captive fleets of hydrogen trucks. The Group gets involved upstream and discusses issues of financing and fixed assets with project leaders.

The year 2022 saw Societe Generale act as the sole financial advisor on the creation and structuring of the world's largest fund dedicated to clean hydrogen (Hy24) infrastructure, which has reached a total of EUR 2 billion (financed by industrial and financial sponsors). Backed by solid industrial expertise and offering significant investment potential, the fund is uniquely placed to unlock large-scale projects under development and accelerate the scaling-up of hydrogen markets. Societe Generale also acted as sole financial advisor to the Hy24 fund in a ground-breaking large-scale transaction closed in 2022 with an investment of EUR 200 million in HY2gen, alongside Mirova, CDPQ and T.EN. HY2gen develops, finances, builds and operates production facilities for green hydrogen and hydrogen-based e-fuels for land and sea transportation, aviation and industry worldwide.

Societe Generale Group's discussions with public and state bodies are invaluable in this respect, allowing it to offer an expert's perspective on questions surrounding how best to set up public financial support to facilitate the ramp-up of these new low-carbon technologies.

5.2.1.1.7 BIODIVERSITY

Helping to protect biodiversity is a natural part of the Group's actions to foster the environmental transition. It is one of the four key principles of its CSR goals. As a responsible economic player, Societe Generale contributes to the collective effort by way of proactive commitments, by supporting clients with their own actions, and by making its stakeholders aware of the challenges related to preserving and restoring biodiversity.

Societe Generale, a member of the Act4Nature alliance, made 18 new commitments in favour of biodiversity in November 2022. They concern:

- governance and training. The Group has committed to integrating biodiversity issues into its governance to define and implement the Group's ambition on the subject by presenting these issues at least once annually to the Committee in charge of Responsible Commitments, chaired by General Management. In terms of training, Societe Generale has committed to develop Group employees' knowledge on biodiversity issues by informing them of the Group's commitments and of dedicated training sessions on these topics;
- risk management. In addition to the Equator Principles and in application of updated sector policies, Societe Generale has committed not to finance dedicated projects located in IUCN I-IV sites, RAMSAR wetlands, UNESCO World Heritage sites or Alliance for Zero Extinction sites, for the following sensitive sectors: oil and gas exploration and production, mining extraction, upstream industrial agriculture, reservoir dams, thermal power plants, shipyards; projects dedicated to oil exploration and production in the Arctic; and projects dedicated to the exploration, production or trading of oil from the Equatorial Amazon as from 2022;
- client relationships. Since 2022, Societe Generale has furnished two new commercial solutions formed in conjunction with expert partnerships to promote reforestation and help foster biodiversity. To help its large corporate clients assess and reduce their impact on biodiversity, the Group has expanded its E&S assessment by including a point of emphasis on biodiversity to cover 100% of large corporate clients by 2024. As for its SME clients in France, from 2023 the Group will propose an E&S interview guide incorporating a biodiversity component to foster dialogue on environmental issues and will train 100% of its client relationship managers on biodiversity. For the SME clients of its African subsidiaries, the Group will raise awareness of biodiversity through the SME Centres. Societe Generale will provide its individual customers in France with an educational tool on responsible consumption (food, clothing, transport, etc.). Last, with respect to its real estate development activities, Sogeprom is working to obtain certifications such as Effinature and Biodivercity® for residential projects with a green area larger than 500m, to promote the use of biosourced materials in its real estate projects in France, and to consider the increased use of wood in partnership with REI PROMOTION. This collaboration focuses on co-developing housing projects and managed residences;
- partnerships spanning assessment, dialogue, innovation, active contribution to international initiatives offering a common framework, such as TNFD, the SBTN Corporate Program and the Finance for Biodiversity Pledge.

The Group's 18 commitments are covered in more detail and publicly available here: *https://www.act4nature.com/wp-content/uploads/2022/11/SOCIETE-GENERALE-VA.pdf*.

Societe Generale also partakes in two international alliances that develop economic and financial standards which serve as a benchmark when taking into account biodiversity protection and restoration issues:

- the Taskforce on Nature-related Financial Disclosures (TNFD), an international initiative, is working to develop a framework to manage and report on nature-related risks allowing organisations (such as financial institutions) to identify and assess these risks, and act accordingly;
- the Science-Based Targets Network (SBTN) is a global network that aims to equip companies with the guidance to set science-based targets to manage their impacts and dependencies on nature, across their value chain.

Last, in 2022 the Group began dialogue with client companies operating in the most sensitive deforestation sectors - palm oil, soya and South American cattle - to assess their strategies to combat deforestation. As from 2023, the Group will only supply financial products and services to clients that have committed to:

- eliminate deforestation and land conversion in their activities, in their own operations and across the supply chain;
- implement and systematically require traceability of their value chains, and annually report on the progress made in terms of implementation and/or the proportion of activities that do not involve deforestation or land conversion.

Moreover, the Group has refused since 2022 to get in touch with prospective clients operating in the palm oil, soya and South American cattle sectors, and which have not committed to eliminate deforestation and land conversion in their activities in their own operations and across their supply chain, or to systematically trace their value chains.

5.2.1.1.8 SUSTAINABLE IT CHARTER

In November 2019, Societe Generale was one of the first companies to sign the Sustainable IT Charter to help limit the environmental impact of technology and promote digital inclusion.

The charter is a French initiative developed by the *Institut du Numérique Responsable* (INR, a French think and do tank) in partnership with the General Commission on Sustainable Development (CGDD) of the French Ministry for the Ecological and Solidarity Transition, WWF*, ADEME* (the French Environment and Energy Management Agency) and Fing* (a leading think tank on digital transformation). It was launched in June 2019 and now boasts 82 signatories spanning companies, non-profit associations, VSBs and SMEs, and public entities. For more information on the charter, see *https://charte.institutnr.org/wp-content/uploads/2020/10/english-charter-sustainable-it.pdf.*

In signing the charter, Societe Generale committed to:

- optimise digital tools to limit their environmental impact and consumption;
- develop accessible, inclusive and sustainable service offerings;
- circulate ethical and responsible digital practices;
- make digital technologies and services measurable, transparent and readable; and
- foster the emergence of new behaviours and values.

2022 UPDATE

A detailed update is provided in the section “Being a company that cares about the environment”, paragraph “Information systems and IT infrastructures”, page 310.

5.2.1.2 ALIGNING OUR ACTIVITIES WITH PATHWAYS CONSISTENT WITH A MAXIMUM TEMPERATURE RISE OF 1.5 ˚C

In keeping with the findings of the materiality survey (see Dialogue with stakeholders, page 333), Societe Generale has made the environmental transition its chief priority in the operational roll-out of its CSR ambition. The Group is keen to play an active part in combating global warming and moving towards a lower-carbon world economy. In terms of climate change, the Group’s efforts – presented at the Shareholders’ General Meeting of 17 May 2022 – centre on the following three areas:

- having a system to manage climate change risks (physical and transition risks – see Chapter 4, page 280);
- proactively managing the potential impacts of the Group’s activities on the climate (through its proprietary activities – see Being a company that cares about the environment, page 307 or *via* its portfolio – see Chapter 4, page 281 and below);
- supporting the Group’s clients in their environmental transition, especially by developing appropriate advisory and finance solutions (see Chapter 5, page 325).

The Strategic Oversight Committees and Cross-functional Oversight Committees reporting to General Management monitor proper implementation of the Group’s climate strategy and set appropriate CSR targets in the roadmaps for each of the Business and Service Units.

The plan to align Societe Generale’s loan portfolios was implemented following a decision by the Responsible Commitments Committee (CORESP) in August 2019. This plan aims to define indicators and identify scenarios to manage the Group’s activities in keeping with its commitments to fight climate change. The project is supervised by the Chief Sustainability Officer and jointly governed by the relevant Business Unit heads.

5.2.1.2.1 THE VARIOUS CREDIT PORTFOLIO MEASUREMENT METHODOLOGIES

For Societe Generale, alignment commitments provide long-term guidance on credit exposures to ensure they are compatible with its commitments to fighting climate change, while also taking into account the environmental transition of the Group’s clients as part of its credit risk management.

Societe Generale measures both its alignment and its financed carbon emissions to manage the impact of its activities on the climate. These two approaches are complementary. The absolute measurement of financed carbon emissions, which involves allocating the carbon emissions of its clients or financed projects to the Group’s credit exposures, makes it possible to rank its priority portfolios. This overview does not currently allow for the appropriate management of loan portfolios. These methods still have many limitations: lack of quality data; the risk of double-counting related to the definition of scope 3; the underlying volatility inherent in the basis for allocating client and project emissions; and a lack of standardisation overall.

To define alignment measures, the Group aims to develop metrics expressed as outstanding loans, as carbon intensity or as absolute financed carbon emissions. These metrics, defined in relation to macroeconomic scenarios aimed at limiting global warming to 1.5°C, make it possible to aggregate an internally monitored measurement to manage alignment.

In 2015, Dutch financial institutions launched the **PCAF initiative** to develop a standard for measuring and reporting the greenhouse gas emissions attributable to their credit portfolios and investments. This initiative was extended to North America in 2018 and taken up globally in 2019. The PCAF standard provides methodological guidance for different asset classes. A company’s emissions are assessed based on public disclosures or estimated according to the GHG Protocol*. They are then allocated to the financial institutions based on the proportional share of lending or investment in the borrower or investee (for more information, see the PCAF Standard – *https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf*). After an initial assessment carried out in 2021, the Group used this methodology to measure the greenhouse gas emissions of 95% of its loans to major companies in 2022. The calculations are currently based on monetary emission factors in the PCAF database, and when the data are available, the calculations are based on the scope 1, 2 and 3 emissions reported by clients. To implement its climate commitment, the Group developed an initial methodology in 2016 and set alignment targets for the coal sector (see below). In the wake of this initial step, in 2018 Societe Generale signed the Katowice Commitment (see *https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/les_engagements_de_katowice.pdf*) alongside four other international banks (BBVA, BNP Paribas, ING and Standard Chartered). These signatory banks have been working with the 2°C Investing Initiative (2DII) on adapting the PACTA (Paris Agreement Capital Transition Assessment) methodology, initially developed for equity and bond portfolios, for use on credit portfolios. This led to the publication of a first report on the application of this methodology in September 2020 (*https://2degrees-investing.org/wp-content/uploads/2020/09/Katowice-Banks-2020-Credit-Portfolio-Alignment.pdf*).

Since April 2021, the Group has made solid progress on setting alignment targets and relies on the principles defined by the NZBA alliance. The chart below summarises the Group's approach regarding the implementation of its pledge to align its lending portfolios.

Goals	ALIGNMENT Setting targets to decarbonise the portfolio					CARBON FOOTPRINT Identification of the most carbon-emissive sectors
Methodology	PACTA/Katowice	*Poseidon Principles*	*NZ Steel Initiative*	French Banking Federation's approach	Under development	PCAF
Portfolio	Coal, oil and gas, power generation, cement, cars	Shipping	Steel	Residential real estate	Other priority sectors, based on the level of absolute emissions	All corporate lending portfolio sectors

Considerations regarding data transparency and methodology are presented in the methodology note, page 354.

Considerations regarding transparent data and methodology

The indicators set out in this document are calculated based on multiple data and both internal and external information, which are subject to measurement uncertainties.

The data quality is subject to improvements

The current climate data are neither exhaustive nor widely available. They may also show inconsistencies as they are not aligned with global standards. However, as clients are increasingly adopting a framework for climate reporting and disclosure, the Group expects external data on emissions to become more accessible and reliable over time.

The indicators communicated in this document are subject to data uncertainties. The limitations of data collection, checks and communication, as well as the lack of techniques for reliable, standardised measurements across the sector, compromise data consistency, in particular with respect to methane. Although this situation is improving, it is of utmost concern to stakeholders that are working to decarbonise the sector.

The methodologies used are still stabilising

The existing calculation methods present considerable problems in terms of consistency, adoptability by sector players, and cross-sector replication. In a quest for a more consistent and market-accepted method for measuring and reporting on emissions, regulatory requirements and guidelines have been updated in recent years. These guidelines and requirements are still a work in progress and are expected to stabilise over time.

As the methodologies are further fine-tuned and the data improved, the Group will continue to study the impact on the calculation base, which could refine the calculations over time. The opinions and assessments are preliminary and therefore must not be deemed definitive.

5.2.1.2.2 ALIGNING ORIGINATION POLICIES AND CREDIT PORTFOLIOS IN VARIOUS SECTORS

Coal

In 2016, Societe Generale was one of the first banks to reduce its exposure to the coal sector by ruling out any further financing for coal mining or coal-fired power plant projects.

In 2019, the Group took its commitments up a level by announcing its target to reduce exposure to coal to zero by 2030 in EU and OECD countries, and by 2040 elsewhere. To achieve this, Societe Generale published a new sector policy for coal in July 2020. The policy sets out strict guidelines on how to support clients in the transition phase (*https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/politiques_sectorielles/politique-sectorielle-charbon-thermique.pdf).*

The policy comprises two stages:

1. first, the Group has disengaged from those companies most exposed to the sector (*i.e.,* for which thermal coal accounts for more than 25% of revenue), unless they have themselves already committed to withdraw from the sector. Accordingly, it has tightened its criteria for prospects in the sector;
2. in 2021, Societe Generale reviewed its total portfolio and discussed transition plans and a timeline for phasing out thermal coal with all its corporate clients that have mining or power generation assets.

The end of this section shows an indicator for financing coal extraction and production activities (gross commitment weighted by the share of borrowers' coal revenue – 100 base index at end-2019), calculated according to the Paris Agreement Capital Transition Assessment (PACTA) methodology defined under the Katowice pledge (*https://2degrees-investing.org/resource/credit-portfolio-alignment-katowice-report/*).

Oil and gas

In an economy that is still dependent on oil and gas, the energy transition is especially testing for the industry. Since an overly simplistic approach based solely on exclusions fails to take adequate and responsible account of energy security and the temporary needs of some developing regions, the Group has formulated a lending policy that excludes the riskiest extraction techniques and sets targets that are consistent with its climate commitments.

Since 2018, Societe Generale no longer finances the production of oil from oil sands anywhere in the world, nor does it finance any type of oil production in the Arctic. At COP26 in 2021, the Group announced that it was beefing up its commitments in several hydrocarbon categories and with respect to the safeguard of biodiversity in protected areas. Accordingly, it no longer finances:

- new projects with underlying activities involving the exploration and production of shale oil and gas, oil sands, extra-heavy crude oil, Arctic oil or Ecuadorian Amazon oil;
- pure upstream players for which these categories of hydrocarbons (shale oil and gas, oil sands, extra-heavy crude oil, Arctic oil or Ecuadorian Amazon oil) represent more than 30% of their overall production; and
- diversified players (upstream, midstream, downstream) for which the production of these categories of hydrocarbons contribute more than 30% to their revenues.

Moreover, no new mandates will be accepted for new greenfield projects to produce liquefied natural gas in North America. Lastly, the Group undertakes to increase protection of biodiversity by expanding the categories of protected areas in which no new hydrocarbon exploration and production projects will be financed. These commitments are set out in the Oil and Gas Policy, which was revised in 2022 and is available on the Group's corporate website: *https://www.societegenerale.com/sites/default/files/documents/csr/oil-gas-sector-policy.pdf.*

In 2020, Societe Generale was one of the first global banks to announce a short-term target for reducing its global exposure to the oil and gas production sector. It aimed for a 10% reduction by 2025 compared to 2019, in line with the projected decline in the use of fossil fuels by the economy on a trajectory compatible with the objectives of the Paris Agreement. Accelerating its drive to reduce its exposure to oil and gas production, the Group has raised its reduction target to 20% by 2025 (from 2019). Going even further, it has set a new target for 2030 (*vs.* 2019) for a 30% reduction in financed absolute carbon emissions related to end use of oil and gas production.

The metric used to check the target exposure is financing of oil and gas extraction (gross commitment to pure upstream players, weighted for diversified players by the share of revenue from extraction, on a 100 base index at end of 2019), as per application of PACTA methodology by Katowice Pledge banks. The metric for financed carbon emissions concerns the same financing scope and aims to reduce emissions from use of the oil and gas produced in the economy as a whole. Both these targets are set against the International Energy Agency's (IEA) Net Zero Emission 2050 scenario and based on the expectation that use of oil and gas will decline at a faster pace after 2025.

Power generation

In 2020, the Group committed to cut back on its financing for power generation projects by 18% by 2025 as compared to end-2019 levels. In 2022, the Group set a stricter target to reduce the CO_2 emissions intensity to 125g of CO_2/kWh by 2030, compared to the previous 2030 target of 163g of CO_2/kWh. The goal will be achieved by adjusting the energy mix it finances, reflecting both its decision to gradually exit the coal sector and positioning itself as a leader in renewable energies.

The indicator is measured applying the PACTA methodology by Katowice Pledge banks with a slightly higher target than the AIE's Net Zero scenario (138g CO_2 per kWh in 2030).

Steel, aluminium and aviation

The Group joined a number of task forces in 2022 to leverage financing as a means to decarbonise the steel, aluminium and aviation industries (see page 316 above). It will draw on the work of these alliances to define the credit portfolio alignment targets for these industries between now and April 2024.

Shipping – Application of the Poseidon Principles (see page 316)

The methodology and benchmark scenarios are set by the International Maritime Organization (IMO) and are available (in English only) here: *https://www.poseidonprinciples.org/finance/resources*.

Ports around the world have become severely congested as ships increase their cruising speed in a bid to meet Europe's considerable energy needs, largely due to geopolitical developments. This, combined with the residual and cumulative effects of the Covid-19 pandemic, has adversely affected the alignment score for the sector. We expect greater volatility in results in the near term, especially if changes in the Poseidon Principles are taken into account to align with a pathway compatible with limiting global warming to +1.5 °C.

Yet, even in this environment, Societe Generale's alignment score – although still not aligned – has improved from +23.7% to +15.4%. The rolling annual alignment score for freight ships dropped from +2.8% to +1.1% and from +68.4% to +45.2% for passenger vessels. During this transition period, the Bank will strive to align its shipping portfolio by pursuing its engagement and awareness-building work with clients.

Automotive (ALD only)

In its 2025 strategy, **ALD Automotive,** the Group's operational vehicle leasing and fleet management subsidiary, set a target to cut emissions from passenger cars delivered in Europe by 40% in the period to 2025 compared to 2019 (gCO_2/km NEDC standard[1]), equating to 70 grammes expressed as NEDC correlated value. This is a more ambitious target than the emissions intensity threshold set in Regulation EU 2019/631.

(1) *New European Driving Cycle. In 2021, most of the European market publishes data according to the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). Conversion to NEDC will take place when official conversion metrics become available.*

CREDIT PORTFOLIO ALIGNMENT: KEY FIGURES

Indicator	Scenario	Baseline	Target	Reduction target	End of 2021	Actual 2021
Thermal coal gross commitments (index 100)	Exit strategy	100 (2019)	0 (2030/40 OECD/RoW)	-100%	72	-28%
Oil and gas extraction gross commitments (index 100)	Oil & gas production 2050 IEA NZE	100 (2019)	80 (2025)	-20%	82	-18%
Power generation emissions intensity (gCO_2e/kWh)	Emissions intensity 2050 NZE (gCO_2e/kWh)	221 (2019)	125 (2030)	-43%	143	-35%
Shipping industry emissions intensity – alignment disparity target[(1)]	Emissions intensity, IMO Objective 3 (gCO2/tnm)	+2% (2020)	0% (2050)	N/A	+15%	N/A
Deliveries of passenger cars by ALD Automotive in Europe, emissions intensity expressed in NEDC (gCO_2/vkm)	n/a	116 (2019)	70 (2025)	-40%	99	-15%

(1) *This target is an alignment score. A positive alignment score means that the shipping portfolio is not aligned (it exceeds the decarbonisation trajectory). Conversely, a negative or zero alignment score means that the shipping portfolio is aligned.*

European Taxonomy-eligible exposures

In accordance with the EU Taxonomy Regulation ((EU) 2020/852), the Group discloses its on-balance sheet exposures to eligible sectors since 2021. As required by this regulation, the disclosures are on taxonomy-eligible economic activities mainly, with issues of alignment being addressed later on, in accordance with the regulatory calendar. The methodology is informed by the full series of European Commission opinions[(1)] for calculating the exposures presented below:

Category	No.	REQUIREMENTS	MANAGEMENT RULES APPLIED	Amount Q4 2022 (in EURbn)	% Q4 2022	Amount Q4 2021	% Q4 2021
		Total Assets Balance Sheet (FINREP)	**Total prudential asset corresponding to FINREP balance sheet**	**1,350.8**	**100%**	**1,311.0**	**100%**
EXCLUDED FROM COVERED ASSETS	1	The proportion of **trading portfolio**	• FINREP Asset Class "Held for Trading" except derivaives	242.4	17.9%	229.8	17.5%
EXCLUDED FROM COVERED ASSETS	2	The proportion of **exposures to central governments, central banks and supranationals**	• FINREP asset exposures related to corresponding portfolio	288.7	21.4%	255.1	19.5%
COVERED ASSETS		**Total Covered Assets**	**Total assets accounting for denominator in the KPIs for EU Taxonomy 2022**	**819.7**	**100%**	**826.1**	**100%**
COVERED ASSETS – EXCLUDED FROM THE NUMERATOR	3	The proportion of **derivatives**	• FINREP Derivatives Asset Class classified as "Held for Trading" or "Hedge Accounting"	109.1	13.3%	114.0	13.8%
COVERED ASSETS – EXCLUDED FROM THE NUMERATOR	4	The proportion of **on-demand interbank loans**	• Loans and advances identified as receivables on demand with credit institutions (FINREP)	33.3	4.1%	27.0	3.3%
COVERED ASSETS	5	The proportion of **exposures to undertakings that are not obliged to publish an NFRD**	• Financial and Non-Financial corporate exposures **NOT subject to NFRD corresponding to the following cases:** - Company and parent company outside EU - Company or parent company inside EU but not disclosing eligibility KPI	295.8	36.1%	289.3	35.0%
COVERED ASSETS – ASSETS SUBJ. TO ELIGIBILITY SCOPE	6	The proportion of **exposures to EU Taxonomy-non-eligible activities**	• Financial and non-financial corporate exposures subject to NFRD to the extent of the non-eligible KPI part • Households excluding loans collateralised by residential real property	109.0	13.3%	112.2	13.6%
COVERED ASSETS – ASSETS SUBJ. TO ELIGIBILITY SCOPE	7	The proportion of **exposures to EU Taxonomy-eligible activities**	• Financial and Non-Financial corporate exposures subject to NFRD to the extent of the eligible KPI part • Loans collateralised by residential real property or "Crédit Logement" • Local government exposures	147.0	17.9%	151.6	18.4%

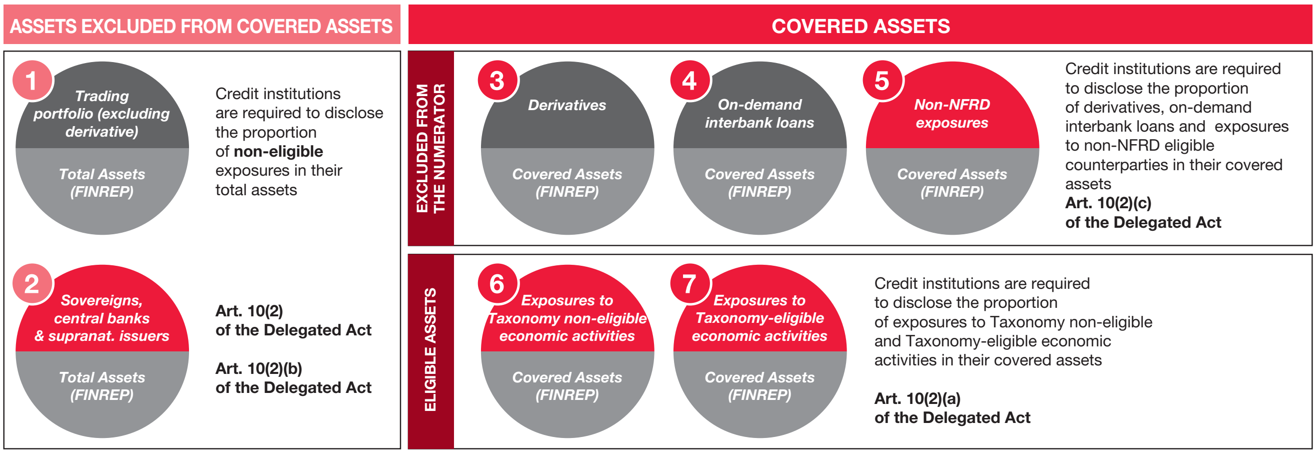
NB: not all covered assets are included in the total sum of the individual items presented above. Items also include cash and cash equivalents, as well as other non-transactional assets that are not subject to a performance indicator.

(1) *European Commission's FAQs and Commission Notice.*

The share of Taxonomy-eligible exposures in 2022 fell with respect to the 2021 level, driven down by the reduction in loans collateralised by residential property because of a more granular analysis of collateral types. The decline was partially offset by the inclusion of key performance indicators of counterparties disclosed in 2022 in respect of the 2021 financial year.

Methodology note

Under the **EU's Non-Financial Reporting Directive (NFRD), transposed into French law through the Declaration of Extra-Financial Performance (DEFP)**, credit institutions are required to report annually on the alignment of their activities with the EU Taxonomy, based on the scope of their prudential consolidation. Although these comprehensive reporting requirements, which will also comprise the Green Asset Ratio, will not fully enter into effect until 2024, credit institutions **must report on certain indicators from 31 December 2022 onwards**. This includes, in particular, disclosing the proportion of Taxonomy-eligible financing in their portfolios. The following diagram details the regulatory reporting requirements for financial year 2022.



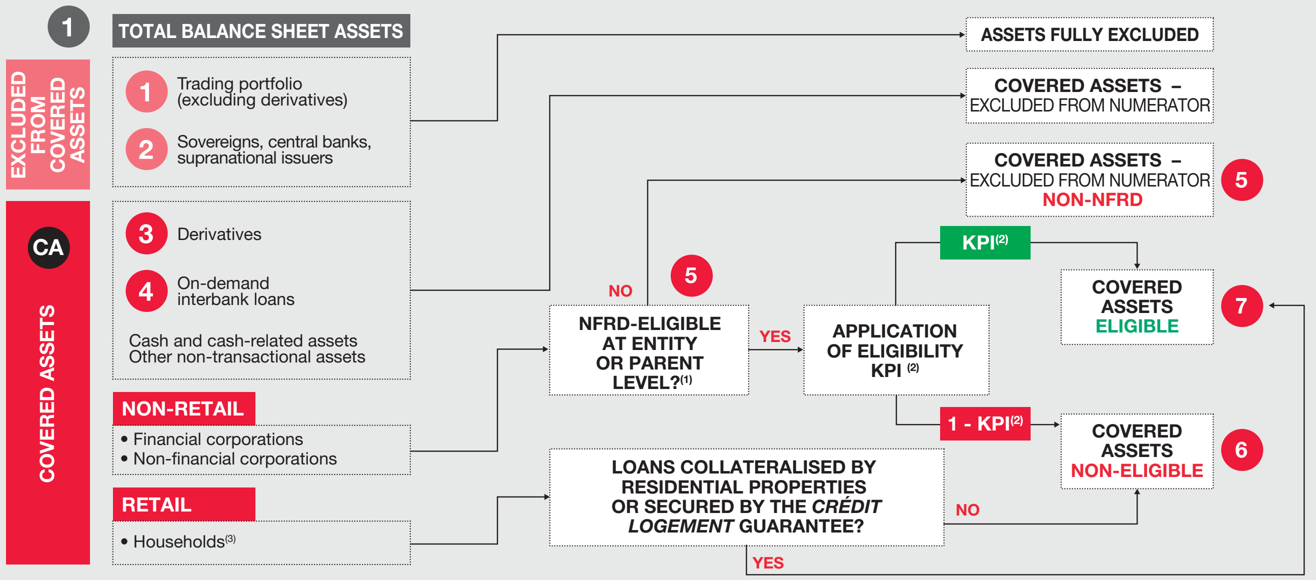
Numerators in grey are based on FINREP aggregates
Numerators in red are either based on new ESG concepts or require a higher level of granularity than that provided in the FINREP statements

The Group has calculated the data needed for the requisite disclosures using the FINREP reporting format, which is employed when communicating with the banking supervisors, as the starting point for its balance sheet analysis. The difference between the balance sheet used to produce quantitative data required under the Taxonomy Regulation and the prudential balance sheet lies in the different treatment of provisions for the various assets, which are included in the prudential balance sheet but excluded when calculating the Taxonomy Regulation metrics. Following the entry into force in 2021 of the requirement to use the key performance indicators of eligible counterparties to calculate its own key performance indicators, the Group considered exposures for which no reported indicator is available as non-eligible. It deemed non-eligible those exposures for which no reported indicator could be identified. Eligible exposures were assessed at the level of application of key performance indicators, based on revenue for non-financial counterparties. Note that during the prior year, due to insufficient reported data, NFRD eligibility was assessed at the level of both the counterparty itself and its parent company, based on the following criteria: (1) EU residency, and (2) headcount in excess of 500 at the reporting date, in addition to which the European Commission's FAQs rule out using the main activity (*i.e.* the NACE Code) as an eligibility criterion, making virtually all of the Group's corporate exposures automatically non-eligible.

Loans to local government were considered eligible in the amount of exposures to public social housing bodies (*Offices Publics de l'Habitat* – OPH). Car loans from 1 January 2022 and home improvement loans were deemed non-eligible as they could not be separately identified on the balance sheet, typically being included as part of the overall financing for the property.

Mortgage loans secured by a guarantee (such as the Crédit Logement guarantee, for example) were, however, considered eligible and accounted for most of the Group's Taxonomy-eligible assets.

The following chart sets out the decision-making process used to determine eligibility for the various FINREP balance sheet items, with a view to producing the performance indicators.



(1) NFRD eligibility is assessed based on external data providers consolidating KPI published by counterparties.
(2) Turnover KPI used for non-financial companies.
(3) Car loans have not been identified even if originations since 2022 could be included as eligible.

Gas and Nuclear

EU Regulation 2022/1214 added gas and nuclear to the list of Taxonomy-eligible and aligned activities (EU Regulation 2020/852). It also imposes specific disclosure obligations for these activities: the first is the reporting model for activities related to nuclear energy and fossil gas, which includes financing (dedicated or not). Concerning models 4 and 5, which are also subject to publication obligations under the Delegated Act No. 2022/1214, available information is not sufficiently qualitative to produce a precise figure, given that data are dependent on Group clients publishing information which is still not to hand.

ID	NUCLEAR ENERGY-RELATED ACTIVITIES	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deploymen of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES

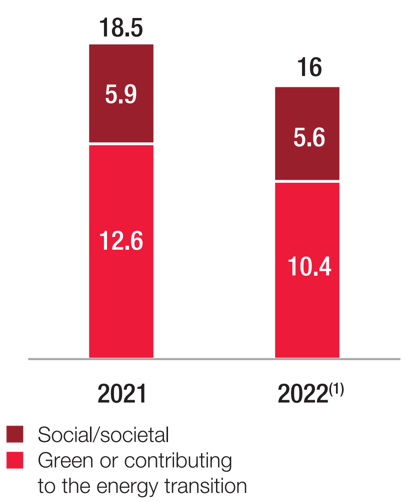
ID	FOSSIL GAS-RELATED ACTIVITIES	YES/NO
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using gaseous fossil fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using gaseous fossil fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using gaseous fossil fuels.	YES

5.2.1.3 Supporting positive change

As a responsible bank, Societe Generale strives to help its clients on their pathway to a just, green and inclusive transition, in line with its own commitments. Sustainability concerns are an integral part of the services offered to all the Group's clients, covering corporate and investment banking as well as financial services. By placing sustainability high on the agenda, the Group aims to meet the increasing demand from the full gamut of stakeholders around the world – clients, corporates, investors and individuals – for banking with a positive impact on the economy and society overall. To achieve our aim of ensuring full client satisfaction and meeting their needs as closely as possible, Societe Generale carefully tailors its service offering by client category. Reflecting this goal, the Group's teams assist **large corporates in their environmental and social transition**. Its **retail bank** puts the expertise of its teams at the service of **local businesses and entrepreneurs** to offer them the right supports, tailored to their environment. The Group is also keenly aware of the needs of its **individual clients to take action** and has developed a range of **responsible products and services** to promote responsible behaviour. Finally, reflecting its spirit of innovation, Societe Generale seeks to get behind new trends in society and pays special attention to the growing interest in **sustainable mobility and to new housing modes.**

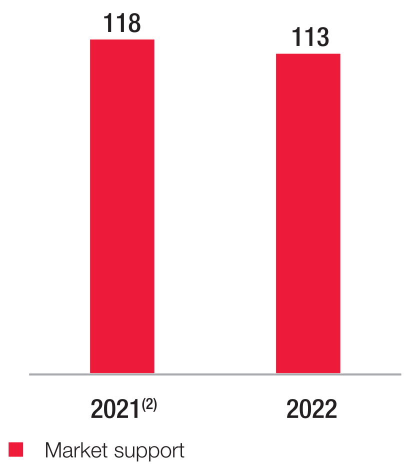
To have the tools to measure and track its positive impact and progress in guiding its customers, the Group developed a standard several years ago to measure the distribution of its Sustainable and Positive Impact Finance offer – SPIF* (see Glossary, page 683) products for lending to the economy and companies, together with a range of Sustainable and Positive Investment (SPI* (see Glossary, page 683) products. We have revised the SPIF and SPI standards and the data collection scope to reflect changes in the Group. Changes in the standard are presented in the Methodology note, page 354. SPIF and SPI data presented for previous years were based on previously published data, unless otherwise specified.

SUSTAINABLE FINANCE PRODUCTION
(IN EURBN)



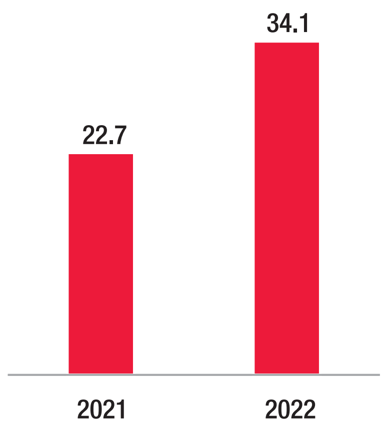
(1) Data including the more stringent criteria in 2022 concerning the scope of products considered.

SUSTAINABLE BOND ISSUES LED BY SOCIETE GENERALE
(IN EURBN)



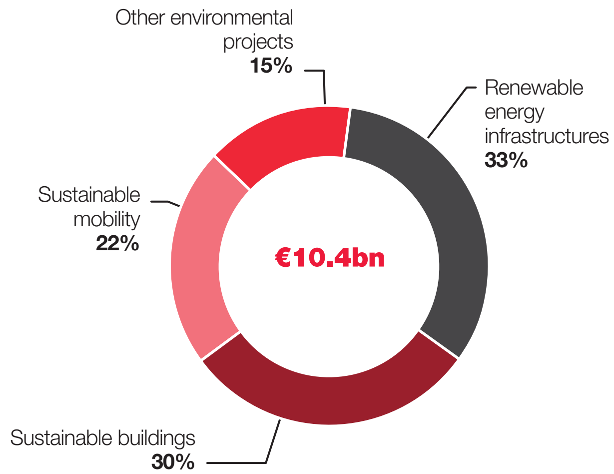
(2) 2021 data revised to include social bond issues.

SUSTAINABLE ASSETS UNDER MANAGEMENT[3]
(IN EURBN)

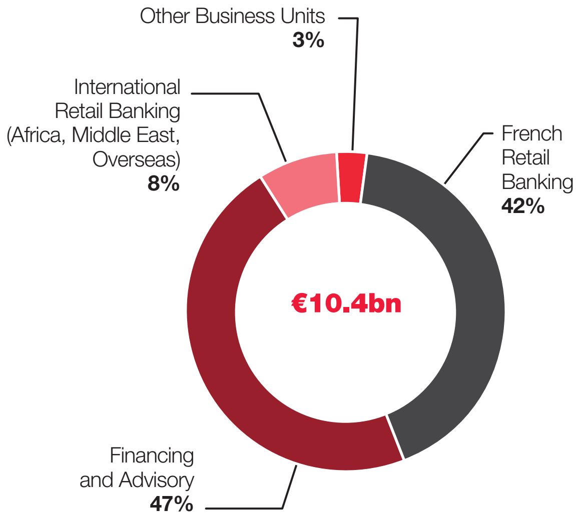


(3) 2022 data including Boursorama.

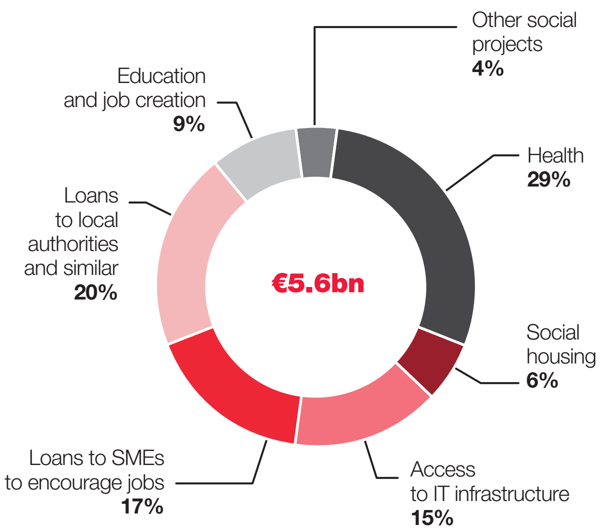
BREAKDOWN OF ENVIRONMENTAL SPIF PRODUCTION (2022)



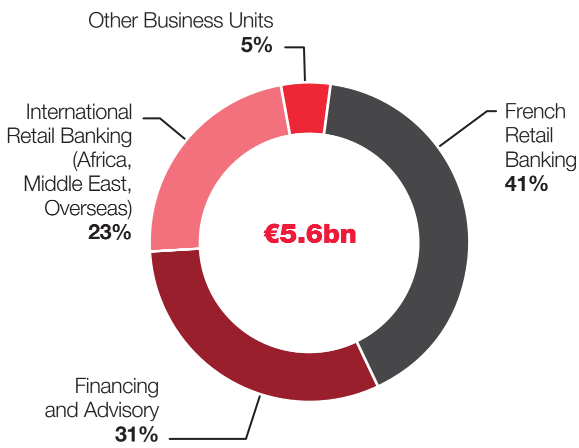
BU CONTRIBUTION TO ENVIRONMENTAL SPIF PRODUCTION (2022)



BREAKDOWN OF SOCIAL SPIF PRODUCTION (2022)

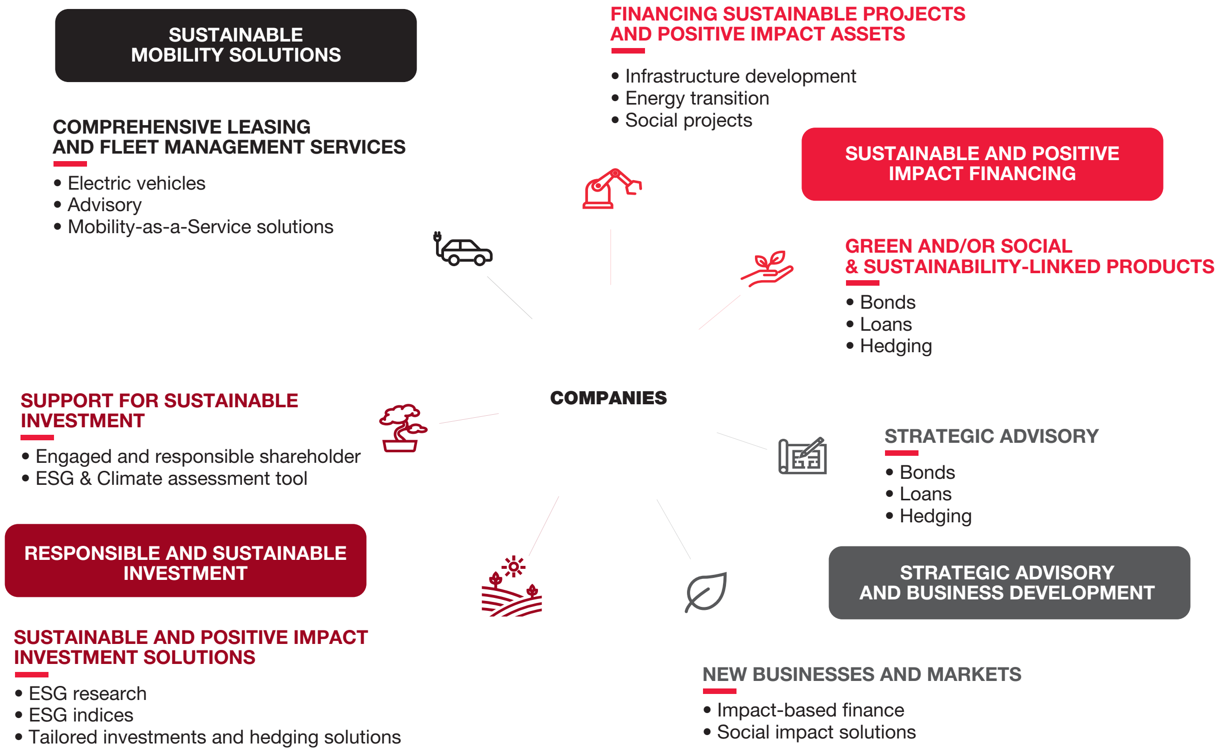


BU CONTRIBUTION TO SOCIAL SPIF PRODUCTION (2022)



5.2.1.3.1 SUPPORTING LARGE CORPORATES IN THEIR ENVIRONMENTAL AND SOCIAL TRANSITION

The Group's **businesses worldwide are galvanising their substantial expertise in financial engineering and innovation to develop new sustainable investment and financing solutions to help finance the environmental transition**.



Financing solutions and payment methods

Societe Generale constantly seeks to foster dialogue with large corporates on topics involving their ESG strategy. It aims to use its financial innovation capabilities to provide them with the **finance** products they need to expand their **positive impact**. It also contributes to financing the 17 sustainable development goals through its engagement with the UNEP-FI **Positive Impact Finance** initiative. To build in this ESG approach with our clients, the Group has developed a suite of **impact-based finance*** products. In addition to conventional finance, Societe Generale has **responsible solutions** for financing **capital goods**, **cash management and payment solutions**. To grow its impact-based finance range, the Group reviewed its businesses in 2022 to **align them as tightly as possible with what clients need** as they undertake the changes required to address the challenges ahead.

POSITIVE IMPACT FINANCE AND CONSULTING

The Group offers a wide range of products tailored to its customers' ESG strategies, including:

- **green, social and sustainable loans, bonds and securitisation issues*:** Societe Generale has developed a suite of green and social loans and bonds that generate social benefits and include a sustainability component. The range links the financing structure to the achievement of ESG goals, encouraging customers to step up their sustainability efforts. With this tailor-made structured range of products, which include an incentive component, the Group works hand in hand with its clients to help them formulate their sustainability goals and CSR targets. Over and above its own balance sheet commitments, the Group is very active in **issuing green, social and sustainable bonds, with more than 370 bond issuance mandates managed since 2013 for a total issuance volume of more than EUR 400 billion**. In addition and to tap into an additional source of refinancing its commitments, Societe Generale adopted a framework in 2020 governing its own sustainable bond issues. At 31 December 2022, the Group had issued a total volume of EUR 8.874 billion in sustainable and positive bonds since 2015 (for more information on the Group's Positive Impact Bond Framework, see *https://investors.societegenerale.com/sites/default/files/ documents/2020-11/sg_sustainable_and_positive_impact_bond_framework_June_2020.pdf*);
- **ESG Advisory:** the Group has developed products and services to guide clients as they step up their extra-financial performance with a view to accessing the financial markets. They are backed by the expertise of our E&S Advisory and Impact Finance Solutions team, whose role is to analyse specific customer needs and assist them in their positive impact* projects by selecting or structuring the right solution for them, in line with the Group's own commitments.

UNEP-FI POSITIVE IMPACT FRAMEWORK

Societe Generale has been at the forefront of the **UNEP-FI's Positive Impact Initiative**, which brings together more than 450 financial institutions (including 300 or more banks) from around the world to work on laying down the principles and methods for the financial community to augment the positive impacts and mitigate the negative impacts working towards the 17 SDDs. Positive Impact Finance means all activities that deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated, across all sectors. Within the Corporate and Investment Bank, a methodology has been developed and aligned with the Model Framework: Financial Products for Specified Use of Proceeds, published by the UNEP-FI (click here: *https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/model-frameworks/*), which sets out the major steps and criteria for identification, assessment and monitoring of funding in support of specific Positive Impact projects or assets. During the identification phase, transactions are pre-selected based on the business sector, the geographic location of projects or assets, and their ability to generate a material positive impact on various impact categories (*e.g.,* improved energy efficiency, the circular economy*). This phase is useful in anticipating the significant positive impacts triggered by eligible transactions. The assessment phase involves evaluating the materiality and demonstrability of the positive impacts generated by the projects or assets in the impact categories selected in the UNEP-FI Impact Radar (*https://www.unepfi.org/positive-impact/impact-radar-mappings/*). The team of E&S experts has developed a series of performance indicators and analysis tools to measure positive impacts while ensuring acceptable identification and management of any negative impacts on the three pillars of sustainable development. The methodology for analysing Positive Impact Finance is updated regularly to factor in market developments and regulatory changes, such as the EU taxonomy.

IMPACT-BASED FINANCE APPROACH

Alongside responsible finance products, the E&S Advisory and Impact Finance Solutions experts are putting together impact-based finance products for global banking clients. The focus is on analysing impacts to advise and guide clients as they shift towards incorporating the United Nations SDGs into their business model, but struggle to finance their investments. We help clients take a detailed look at environmental and social aspects with the ultimate aim of augmenting the positive impact of their projects, facilitating funding and achieving economies of scale. The model is built on three steps:

1. **augment impact:** by providing multiple services and pooling costs, projects can generate more social, environmental and economic impacts, as well as additional revenues. Reducing the "cost-to-impact" increases profitability, strengthens resilience and generates an appetite for financing;
2. **improve credit quality:** Societe Generale provides expert structuring advice to improve credit quality using blended finance* and aggregation vehicles* to reach critical mass for placement in the global private debt and equity markets;
3. **make the most of digital:** throughout the process, we focus on using digital technologies to combine services, create more value, as well as to collect and analyse data on operational performance, payment track record and impacts to demonstrate the project's success and support its scale up.

EQUIPMENT FINANCING

The Group finances sustainable assets in five business segments: Technology, Industrial Equipment, Health, Green Energy, and Transport. In conjunction with manufacturers, energy service suppliers and specialised financial intermediaries, Societe Generale Equipment Finance incorporates circular economy principles into its financing solutions. In so doing, it fosters the transition from a model based on asset ownership to models connected to an asset's life cycle.

A COMPREHENSIVE CASH MANAGEMENT* AND PAYMENT SOLUTIONS RANGE

The Group also aims to offer a full range of sustainable solutions for its clients' cash management and payment solutions needs. ESG offers comprise export financing, cash management and factoring/reverse factoring solutions that incorporate ESG features, such as:

- green, sustainable export finance*: the Group's finance offer focuses on five main sectors: renewable energy, hydrogen, clean transport, waste management and sustainable water use. The sustainable export finance offer aims to support the Group's customers who have embarked on a genuine transition to a more sustainable business model. Based on an incentive mechanism, Societe Generale undertakes to adapt its financial terms to the CSR targets set with its customers, lending active support to its clients' transition;
- payments and cash management*: the Group has a range of sustainable or sustainability performance-linked guarantee solutions, sustainable loans for working capital and sustainable liquidity support;
- factoring/reverse factoring*: Societe Generale has receivables financing programmes with built-in E&S indicators to bring clients closer to their social and environmental goals, as well as reverse factoring products with social criteria to optimise supply chain financing by pre-funding supplier payables. What is more, supply chain financing based on client-specific environmental and social criteria gives them the opportunity to have an even greater impact, while boosting their visibility.

To offer a broader range of sustainable solutions in Transaction Banking, the Group drafted and published a Framework document, which was approved by an independent third party, to scaffold the development of new products and services in the future.

REVIEWING WHAT WE ARE DOING TO HELP CLIENTS IN THEIR TRANSFORMATION

As our clients press on with their transformation, they need a bank to partner closely with them. In 2022, the Group launched a **transformation policy** to face up to these new challenges and seize emerging opportunities in moving to a net-zero economy and developing more sustainable business models. The central aim is to reshape the Group's **lending businesses** by developing a joint model drawing on cross-cutting expertise, an analytic approach to lifecycle analysis, and by applying this across the value chain of a given economic sector. Lastly, an ESG sector package will be provided to the sales teams as a tool to assess clients' ESG strategy challenges and goals and craft action plans to drive their transition programmes.

Offering sustainable and positive investment (SPI/SPIF) products for investors

Societe Generale offers a comprehensive range of products and services, devised by a team of experts, for professional investors and corporates to give access to a wide gamut of issuers – sovereign, supranational, agencies and large corporates – picking from solutions that stretch from vanilla to tailored. It has ESG-indexed products based on internal research or on our partner network of ESG data providers.

The Group also issues structured notes that incorporate ESG criteria. They are issued in five main sustainable and positive impact investment (SPI) formats:

1. positive impact notes*: Societe Generale has created a range of products to give customers the opportunity to invest in tailored products and promote positive impact financing. These products are flexible to adapt to a wide range of investment objectives (maturity, capital guarantee at term, etc.). The Group has undertaken to hold positive impact financial assets on its balance sheet equivalent to the nominal amount of the securities, throughout the entire holding period;
2. repackaging green or social bonds: Societe Generale can issue bond-repacked notes whose funding source is the yield on a third-party green bond and whose coupon is tailored to the investor's request;
3. green, social or sustainable notes issued by a third party: the issuer earmarks the equivalent of the funds raised to finance or refinance sustainable projects, or is a recognised pure player in this type of funding;
4. charity notes: the Group undertakes to sponsor a charitable organisation for a proportion of the amount raised on the notes;
5. positive contribution notes*: the investor contributes by investing in positive-impact initiatives, such as agro-forestry and CO_2 emission reduction, through the voluntary carbon market.

Socially responsible deposits are another element of our Sustainable and Positive Investment offering for corporate clients. Societe Generale matches the funds collected with an equivalent amount in short-term loans to corporates with high ESG ratings (according to an internal methodology), or for commodity finance transactions selected according to ESG criteria.

ESG RESEARCH

At the heart of the Bank's market activities since 2006, Societe Generale's ESG research specialises in providing expert advisory services on environmental, social and governance topics. In 2020, Societe Generale was the first bank to systematically integrate ESG criteria in its fundamental analysis, valuations and recommendations on equities, with the aim of providing a framework to help investors make informed decisions by combining traditional financial metrics with financially relevant and actionable analysis of ESG issues. Such innovations are in addition to the advisory services the ESG research team provides clients, for example covering the plethora of new ESG regulations being deployed by states and regulators.

SECURITIES SERVICES

Societe Generale Securities Services (SGSS), a specialised Group subsidiary, caters to a broad spectrum of professional clients, including investment firms and institutional investors, offering insights to help design and implement their ESG strategies. SGSS's offering ranges from services for asset managers across the entire lifecycle of a fund, helping them achieve their sustainable investment goals:

- our front-to-back "Crosswise" offer provides an integrated solution to manage ESG data. Developed in partnership with SimCorp, a leading provider of integrated investment management solutions, the software helps asset managers to capture ESG and financial data together to optimise portfolio management. As a result:
  - the data is collected directly in the management tool,
  - ESG indicators are factored into each fund's ESG definition and strategy, as described in the prospectus,
  - the management rules are configured directly in the tool, as well as how they are applied to the financial data,
  - ESG data comes into play throughout the operational processing chain, especially for pre-trade and post-trade checks. The aim is to leverage and manage the data for regulatory reporting needs (SFDR, Taxonomy or European ESG Templates (EET) and Management Reports for investors;
- partnering with some private asset specialists, a comprehensive operational solution to produce and administer questionnaires to gather the required ESG data from companies or properties the funds are invested in, including data quality controls, for regulatory reporting or management reporting needs;
- ESG reporting services, based on MSCI data, offering institutional investor clients whose assets are managed by different asset managers the ability to manage their ESG objectives on a consolidated basis;
- a comprehensive order routing service for postal votes in General Meetings that includes access to consulting firms for voting options on the resolutions put forward, according to the strategies defined by clients for their investments;
- integration of ESG criteria stated by asset managers in their prospectus in depository controls.

For its part, **Societe Generale Assurances** also contributes to local communities and infrastructure development in France and in Europe. When making property investments, Societe Generale looks for highly energy-efficient assets and the most respected certifications (for construction, renovation and operating efficiency). The Group's environmentally certified property assets were valued at a total of EUR 4.2 billion at the end of 2022 (*vs.* EUR 3.4 billion at the end of 2021).

SUPPORTING LARGE CORPORATES AND INVESTORS: KEY FIGURES

	2020	2021	2022
Production of Positive Impact Financing according to the UNEP-FI methodology	EUR 5.2bn	EUR 7.5bn	EUR 4.2bn
Sustainable bond issues led by Societe Generale (annual volume)	EUR 36bn	EUR 118bn[(2)]	EUR 113bn
New credit lines indexed to environmental and social performance	EUR 4.2bn	EUR 11.1bn	EUR 8.8bn
Sustainable and positive investments (SPI)			
Volume of investment products referenced to indices or baskets subject to ESG selection or linked to sustainability themes[(1)]		EUR 8.1bn	EUR 11.2bn
Positive impact notes* and Positive impact "support" notes*			
Inflows	EUR 300m	EUR 386m	EUR 818m
Total inflows from the start	EUR 1.3bn	EUR 1.7bn	EUR 2.5bn
Socially responsible deposits (production)		EUR 1.3bn	EUR 1.3bn

(1) *Including products referencing indices that comply with ESG selection processes or related to sustainable themes.*
(2) *2021 data was revised to include social bond issues.*

5.2.1.3.2 SUPPORTING LOCAL BUSINESS AND ENTREPRENEURS

Where it has a presence, the Group seeks to work alongside craftspeople, entrepreneurs, start-ups and businesses of all sizes – throughout their professional lives and business cycles – to help create and protect jobs.

Fostering company creation and supporting professionals

FRENCH RETAIL BANKING

To guarantee a long-term partnership, the Group has established a dedicated organisation relying on more than 32 regional business centres, a longer term of office for Business Advisors, and more than 550 Customer Relations Advisors. Moreover, Societe Generale is guided by more than 400 experts to meet specific requirements in terms of cash and cash flow, payroll, employee savings schemes, factoring, international business, long-term lease and investments, and provides its customers with regional Corporate and Investment Banking hubs. Societe Generale devotes more than EUR 20 billion every year to financing the economy.

Through its **"Societe Generale Entrepreneurs" sales strategy,** the French Retail Banking network provides corporate executives and shareholders with a range of services and solutions geared to addressing strategic issues. It combines diverse expertise in financing and investment, wealth and property management, pooled in regional divisions to better support key stages of the development and transfer of ownership of their business.

The French Retail Banking network is also a partner to 84 local branches of the nationwide non-profit organisation Initiative France. These 84 branches supported 20,265 companies in 2021, thus creating or saving 56,095 direct jobs. In addition to Initiative France's own interest-free loans, Societe Generale Retail Banking in France granted 636 loans for a total of EUR 73.4 million to entrepreneurs supported by the organisation (figures disclosed by Initiative France). In partnership with France Active Garantie, the leading solidarity finance provider, the Group has been working to help VSBs and solidarity-based companies secure bank loans. As part of this partnership, Societe Generale funded projects to the tune of EUR 3.6 million as at end-October 2022 (*vs.* EUR 2.5 million in 2021).

In addition to providing full support to its professional customers with two expert advisors – one for professional and the other for private matters – and a simplified bank with a range of digital solutions, the Group has expanded its product offering for professionals by acquiring the neo-bank Shine. **The offer combines a fully online bank account with support in administrative management for entrepreneurs (billing, calculation of taxes and contributions, simplified accounting, etc.)**. Shine has received the international Certified B Corp. label, which recognises its commitment in six areas: environmental performance, social performance, staff, governance, community and customers. The Group markets Shine products to professional customers that prefer all-online management and low-cost services. The Shine acquisition positions the Bank to offer a broader range to business clients as their business and needs change, including expert advisors – without changing banks. As well as their complementarity, the tie-up between Societe Generale and Shine is generating broad synergies across the Group. Services, such as credit, insurance, and payments, can be offered to neobank clients, in accordance with Shine's mission to simplify banking for business. Against this backdrop, in 2021, Shine developed a range of loans designed specifically for self-employed individuals and small businesses. This unprecedented offering has two goals: continuing to simplify entrepreneurs' daily activities through easier access to loans, and promoting a responsible vision of entrepreneurship by supporting businesses committed to an entrepreneurial approach. For the first time, this fully online offering gives the self-employed and small businesses committed to improving society and protecting the environment a special rate based on a list of predetermined social and environmental criteria, such as conducting a carbon assessment, organising training for greater diversity and inclusion, setting up a responsible sourcing policy, and qualifying for labels like B Corp, Lucie or ISO 26000. Entrepreneurs meeting some of these criteria will benefit from preferential terms. This approach aims to reward the most committed businesses and to motivate others to undertake a similar commitment.

In Africa, small- and medium-sized companies are central to economic development. Accounting for 90% of private companies and hiring 70% of the rural population, they are essential in driving the emergence of the African middle class and greater access to jobs. SMEs represent two-thirds of Societe Generale's African corporate client base. The Bank is set on adapting its processes to provide more efficient support and help them succeed, while also playing its part in weaving a dynamic local economic fabric. Take for example the decision to increase its outstanding loans to African SMEs by 60%

between end-2018 and end-2022. Although this target was blown off-course by the effects of the pandemic and economic crisis in 2020 and 2021, Societe Generale maintains its ambition to help and support SMEs with a robust growth target for this market by 2025, drawing on several revitalised systems in the Bank. SMEs are already showing successful results, notably in West Africa – encouraging the Group to continue its efforts.

One of the stand-out features of this initiative is the concept of SME Centres, with the very first one opening its doors in 2018. SME Centres are now serving the needs of SMEs and VSEs in eight African countries: Senegal, Burkina Faso, Côte d'Ivoire, Benin, Ghana, Cameroon, Guinea-Conakry and Madagascar. Societe Generale has teamed up with local partners to set up these SME Centres, which are specifically suited to the needs of sub-Saharan African businesses, to offer financial, legal and accounting advice, training, mentoring programmes and a co-working space, all under one roof.

Alongside other agencies and organisations supporting the development of SMEs, such as AFD-Proparco, Bpifrance, Investisseurs & Partenaires, the Réseau Entreprendre and local players in each country, Societe Generale is eager to launch an initiative to make the most of these combined strengths to boost support for SMEs. Helping SMEs to organise their efforts to obtain funding, giving them access to comprehensive resources, covering all funding channels and helping them to get training to expand their business are all challenges of the multidimensional, coordinated support provided by the players involved. There are already several partnerships in operation, such as AFD-Proparco and the ARIZ guarantee, with Societe Generale being the first to use the AFD risk-sharing mechanism on the continent; Bpifrance Université, which has posted online training sessions dedicated to business managers in Côte d'Ivoire and Senegal; Investisseurs & Partenaires; ADEPME in Senegal; the Upgrade Office in Senegal; and the Réseau Entreprendre (partnership in Morocco, Senegal and Tunisia).

Promoting their environmental and social transformation

2022 saw Societe Generale and Crédit du Nord launch a comprehensive suite of services for corporates, SMEs and mid-caps centred on switching to a more sustainable business model. They include new advice and finance solutions offered in conjunction with leading partners. The initiative is built around:

- **environmental and social loan (PES):** the PES is intended to fund sustainable development projects (improving energy efficiency, renewable energies, low-carbon transport, waste and water treatment and recycling) and projects that benefit society as a whole (funding social and solidarity businesses and non-profits, funding education and training, social housing, etc.). Upon providing documentation on the specific nature and characteristics of the project for financing, clients can take out an environmental and social loan with a term of up to 15 years for a maximum amount of EUR 5 million for companies and non-profit associations, and up to 30 years for an uncapped amount for public economy players. In 2022, PES production totalled EUR 168.6 million for agreements on temporary occupation (*Conventions d'Occupation Temporaire**), compared with EUR 11.5 million in 2021, EUR 111.5 million for non-profits and EUR 163.4 million for corporates (*vs.* EUR 100 million in 2021);
- **positive impact loans in partnership with EcoVadis and EthiFinance:** for companies, non-profits and local or regional authorities to offer finance solutions that incorporate an ESG indicator and a target for this indicator. The interest rate reduces when the target fixed on origination is reached. Decisions on strategic actions to improve their environmental and social impact are up to the client. The partnership with EcoVadis concerns corporate and non-profits, while the tie-up with EthiFinance relates to entities in the public economy;
- a dedicated **photovoltaic and wind energy team;**
- **partnership with LUMO**, a SG subsidiary, the crowdfunding platform helping clients secure funding for environmental and social impact projects;
- **connecting clients with leading operators:** Societe Generale and Crédit du Nord teamed up with benchmark CSR partners, EcoVadis and EthiFinance, to provide clients with expertise to analyse and assess their ESG practices. Carbo is a tool to measure GES emissions while *Économie d'Énergie* is used to implement energy efficiency projects;
- **dedicated teams in the regions:** the Group has a tight local support system based on key specialists. Both banks' advisors benefit from a very broad program of CSR training with an emphasis on the energy transition.

To meet Societe Generale's aim of bolstering Sustainable and Positive Impact Financing (SPIF), **SGFI,** the French Retail Banking entity specialised in financing business property, has made corporate social responsibility a strategic feature of its customer journey ever since 2018. Positive impact financing concerns both environmental (frugal consumption habits, bio-sourced materials, respect for biodiversity, etc.) and social aspects (non-profit organisations, regional authorities, health, education, social and affordable housing, disabilities, etc.). More and more of the Group's clients have worked it into their social commitments. SGFI arranged EUR 2 billion in positive impact financing in 2022, accounting for 54% of its annual production.

Safeguarding against cyber risks

Cybersecurity, already a major concern for companies, has been pushed even higher up the agenda by Covid-19. In response, Societe Generale put together a number of initiatives in three areas: consulting, technology and insurance, forming a comprehensive offering for our corporate and non-profit clients.

In addition to the regular talks organised by its experts in regional business centres throughout France, OPPENS*, the Group's cybersecurity arm, launched regular immersive training for employees against phishing, an innovation that combines simulation and micro-training. The subsidiary coaches SMEs and micro-businesses to grasp the risk and assess their vulnerability through a simple and personalised three-step process:

- self-assessment of cybersecurity preparedness using a free online tool based on five considerations: password, data protection, raising employee awareness, securing devices, and protecting websites;
- free recommendations based on the priority areas identified during the self-assessment;
- support with a catalogue of mainly French and European products and services, selected and tested by Societe Generale experts and distributed *via Oppens.fr*. And Oppens can also provide unique solutions, custom-built with our partners, or exclusive packages that are usually only available to large corporates.

Societe Generale has gone further and set up a Business Advisor/OPPENS Expert team to assess vulnerability and answer questions from managers about the cybersecurity of their IT systems organisation, covering employee training, company audits and recommended technical solutions.

To add to the solutions selected by OPPENS from recognised partners, Societe Generale has joined forces with Trustpair*, the fintech specialising in managing payment data and preventing payment fraud. This partnership sets out to empower finance teams with an automated system to secure flows and prevent fraud or error, with tools to check IBANs and filter payments and direct debits.

On the insurance side, the Group offers cyber risk Insurance to cover major cyber risks (IT system outages with the potential to shut down the Company's operations and lead to theft of personal data). Designed by Societe Generale Assurances, these policies include:

- crisis management: 24/7 emergency assistance to organise the initial response and speak to a consultant, who will be responsible for coordinating the work of the IT expert team, legal advice and crisis management consultants to handle potential damage to brand reputation;
- compensation for damages incurred by the Company: losses and additional operating costs caused by inability to access data or IT systems, including if outsourced;
- coverage of pecuniary consequences and defence costs arising with respect to claims against the Company following the damages, as well as in the event of breach of notification obligations or of media coverage. If an investigation is conducted by an authority, the policy also covers defence costs if applicable.

Professional clients can log in and connect to Appli PRO using Face ID and Touch ID biometric authentication. They can block, lock and unlock their Business cards directly from the app.

SUPPORTING BUSINESS AND ENTREPRENEURS: KEY FIGURES

	2021	2022
Loan production: SMEs in France	EUR 4.7bn	EUR 7.2bn
Loan production: SMEs in Africa	EUR 443m	EUR 430m
Loan production: SMEs in Romania and the Czech Republic	EUR 3.6bn	EUR 4.6bn
Outstandings with SMEs (amortised cost)	EUR 57.1bn	EUR 55.9bn

5.2.1.3.3 INDIVIDUAL AND INSURANCE CLIENTS: GROWING THE SUSTAINABLE AND SOCIALLY RESPONSIBLE RANGE OF SERVICES AND PRODUCTS

The Group actively markets the responsible products its offers to **retail customers** in the countries it operates in.

FINANCING/LOANS

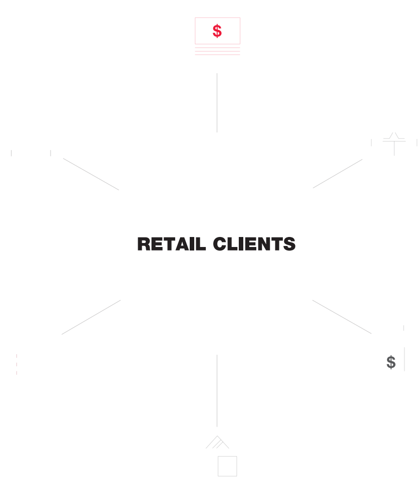
"Sustainable Development Loan" and "Expresso Sustainable Development" to finance residential energy renovation equipment/work

MOBILITY

"Expresso Auto Loan" to finance hybrid and electric vehicles

ESTIMATES/SERVICE

Carbon footprint simulation



SAVINGS

New generation of savings (*Nouvelle génération d'épargne*) that is 100% responsible in open architecture: 8 environment funds and 12 SRI funds

LUMO: responsible investing through crowdfunding platform

Solidarity Savings Service: portion of interest earned from a savings account paid to partnering non-profit organisations

"SG Solidarity" fund, with 50% of income paid to non-profit organisations

INSURANCE

"Green" auto insurance, with subsidised rates for electric and hybrid vehicles

"Environment" insurance package covering "green" installations

PAYMENT

"Charity Collection" cards pay €0.05 per transaction to a chosen non-profit organisation

Encourage responsible behaviour

Societe Generale offers a range of products to finance energy efficient home improvements or fit-outs through interest-free green loans (*Éco-prêt à taux zéro*), sustainable development loans or "Expresso" sustainable development loans. The types of energy efficiency and environmental upgrade work and solutions that are eligible for these loans include thermal insulation (roofs, balconies, attics, floors, windows and walls), heating and ventilation (wood or wood pellet boilers, closed stove units, inset stoves, wood or wood pellet stoves, hot water heat pumps, etc.), renewable energy solutions (photovoltaic or thermal solar panels, wind, hydraulic or biomass electricity). Boursorama also has a range of all-online eco-responsible loans, automatically eligible for a 5% reduction in the applicable lending rate (eco-responsible loans receive a 5% reduction in the APR in force). The Group also has special green vehicle loans at a lower rate and with no application fees.

Offering a range of responsible savings products

The Group actively markets the responsible products offered in its countries of operation to its individual customers, in keeping with their wishes. In France, for example, Societe Generale helps individuals to put their savings into passbook savings accounts with a robust environmental and social component (Livret A*, LDDS* and PEA PME/ETI*). In addition to these regulated products, Societe Generale has entered into agreements with several asset managers to offer a range of responsible savings products. Alongside Amundi, new partnerships have been established with BlackRock, DNCA, La Financière de l'Échiquier, Mirova and Primonial REIM. The Group offers a range of 20 SRI or environmentally geared funds. The first category gives clients the opportunity to invest in companies that comply with environmental, social and governance criteria in their management, while the second focuses on considerations like combating climate change, the environmental transition and developing renewable energies.

All the Group's **asset management entities** have signed the Principles of Responsible Investment (PRI) developed by the United Nations (*www.unpri.org*), committing them to adhere to the following six principles: incorporation of ESG issues, active shareholders, transparent disclosures, promotion of the PRI, working together, and ESG reporting. The UNPRI are the most important international blueprint for responsible investment. They aim to promote the incorporation of ESG factors in investment decisions and by the companies investors have a stake in.

Through its two asset management firms, in 2022 Private Banking signed initiatives, including the Net-Zero Asset Manager initiative, the Finance for Biodiversity Pledge and the Tobacco Free Finance Pledge, to do even more to tackle climate change and biodiversity loss. Joining these initiatives reaffirms the Group's determination to help companies step up their net zero strategies with measures to secure the energy transition and foster responsible practices.

Turning to life insurance, in accordance with the Pacte law, all Societe Generale Assurances' French contracts have offered at least one vehicle backed by a solidarity fund: either an SRI* or a Greenfin* (energy and environmental transition financing) certified fund since the end of 2019. Added to on a regular basis, they cover a wide range of asset classes and risk profiles, offering an ideal opportunity for clients to put their savings to meaningful use. In France, a new generation of life insurance products made up exclusively of sustainable and affordable funds (from EUR 50) was launched in 2020. 19 of the 20 funds in the range have SRI or Greenfin certification. In addition to its range of unit-linked supports, Societe Generale Assurances looks to the long term to protect the environment and benefit society as a whole. As such, it has significant leverage when it comes to benefiting the environment and civil society. Its investment policy has long included ESG factors, alongside financial and credit ratings. Every year, asset portfolios are formally scrutinised according to these three criteria, their carbon footprint measurement, and their alignment with a global warming trajectory that is compatible with a 1.5 °C scenario. And, when it joined the Net-Zero Asset Owner alliance in April 2021, Societe Generale Assurances also pledged to align its investment portfolios with pathways limiting global warming to 1.5 °C and to reduce the carbon footprint of its equity and bond portfolios by 30% by 2025 *vs.* 2018.

Private Banking continued to develop its range of positive and sustainable investments, initiated in 2017 and available across all its entities in France, Europe and the United Kingdom. It is structured around three areas:

- responsible portfolio management through its two management companies, which offer CIUs* that carry well-known certifications: the French government's SRI* label and Luxembourg's LuxFLAG* label. The range includes discretionary management[(1)] funds with recognised third-party asset managers[(2)]. One of the internal specialist funds launched in 2022 was "Moorea Fund - Sustainable Climate Action"[(3)]. This is a GreenFin fund that aims to invest in international companies that generate a strong positive environmental contribution. The fund objective is to deliver 20% lower carbon intensity measured against the MSCI World All Country (MSCI ACWI Index) with a portfolio aligned with the Paris Accord scenarios (limiting global warming to below 2°C, and preferably 1.5°C, compared to pre-industrial levels). At the close of 2022, assets classed under Articles 8 and 9 SFDR managed by these two management firms amounted to 45% of total assets under management of individual clients (excluding institutional clients);
- the positive and sustainable structured product range with ESG underlyings or participating in the following programmes: 1) positive-impact finance developed by the Group and to which Private Banking contributed EUR 330 million this year, supporting infrastructure construction, as well as water treatment and supply projects, primarily in Africa, 2) the charity programme (with nearly EUR 400 million in nominal value, for nearly EUR 800,000 in donations in 2022), and 3) the "Let's Plant Trees" programme (45,000 trees planted in 2022). Private Banking launched a new programme in 2022 to collect and recycle plastic in Thailand, linked to some investment products. Some 50 tonnes of plastic were collected on the beaches at Koh Lanta in 2022;
- the advisory management offering, which now incorporates an increasing proportion of funds or securities showing strong extra-financial performance. Since 2020, Private Banking has continued to apply exclusions to the suite of stocks it directly advises on: those taken from the Environmental & Social General Principles defined in the Group's policy (stocks linked to thermal coal or controversial weapons) and those connected to the most serious ESG controversies, tobacco activities, or having the lowest ESG ratings. Lastly, the expertise in open architecture fund selection continued to incorporate a growing share of labelled funds or funds promoted as sustainable.

(1) From SG29 Haussmann.
(2) BlackRock, DNCA, La Financière de l'Échiquier, Mirova and Primonial REIM.
(3) CISAV Moorea fund, managed by Societe Generale Private Wealth Management.

At the same time, **Crédit du Nord** offers its private and high-net-worth customers sustainable investments incorporating ESG characteristics across various asset classes. These ranges, which provide clear and understandable information for investors, represented oustandings of EUR 17.6 billion and 77% of all assets under custody at 30 December 2022.

Responsible insurance

Societe Generale Assurances provides a range of non-life and protection insurance policies that incorporate environmental and social considerations and encourage responsible behaviour by policyholders (in terms of mobility, health, etc.). The networks distribute suitable products, such as car insurance that offers lower rates for owners of low-emission vehicles, and offer a free weather alert service for holders of a multi-risk home, car or life accident insurance policy alerting them to the weather events in their area. With the entry into force of the "100% Santé" health reform programme in France in 2021, they also distribute "responsible" health insurance policies with more modular cover to adjust guarantees in line with the customer's requirements and budget.

In 2022, 10 non-life and protection insurance products (including car, accident and Généa term life insurance) were granted the IEP'S (*Institut de l'Économie Positive*) Positive Assurance label – the first to measure the positivity of insurance products. There are two core requirements: the products must be socially responsible and environmentally sustainable. Products are assessed against 14 criteria divided into three categories: prevention and cultivation of risk culture; affordability and contribution to anti-discrimination; and promotion of environmentally-aware and community-beneficial behaviour.

SUPPORTING INDIVIDUAL CLIENTS: KEY FIGURES

	2020	2021	2022
Sustainable and positive impact financing (SPIF)			
Eco-PTZ or equivalent and sustainable loans to individual retail customers (outstandings)		EUR 137.4m	EUR 173.8m
Sustainable and positive investments (SPI)			
Livret A, LDDS, PEA PME – Assets under management	EUR 24bn	EUR 32.7bn[(1)]	EUR 35.8bn
Life insurance investment - Total outstandings for responsible financial products (units)[(2)]	EUR 2.8bn	EUR 13.3bn	EUR 17.3bn
Sustainable investments[(3)] under management (general assets)	EUR 2.5bn	EUR 6.2bn	EUR 4.9bn
Life insurance investment – Number of responsible financial products[(4)]	248	> 1,000	> 1,000

(1) *Data restated to include the Boursorama and Crédit du Nord scopes.*

(2) *With explicit inclusion of ESG risks and opportunities under traditional financial analysis and investment decisions based on systematic processes and appropriate resource research.*

(3) *Investments in one or more sustainability themes (climate change, social problems, health, etc.) in France – Scope widened in 2021.*

(4) *Products classed as Article 8 of the SFDR* (financial product which promotes, amongst other things, environmental or social characteristics in as much as the companies in which the investments are made apply good governance practices), Article 9 of the SFDR* (sustainable financial investment product) and/or having a certification such as ISR, Greenfin, etc.) – Scope widened in 2021.*

Offering sustainable homes

Fully committed to investing in sustainable cities, the Group's Real Estate Division (property of the French Retail Banking and Crédit du Nord network, SGFI, Sogeprom, Ville E+, SGIP and SG Real Estate Advisory) hired a CSR manager in November 2020 tasked with organising and coordinating such initiatives.

Sogeprom, the Group's real estate development subsidiary has made a commitment to all its stakeholders to reduce its carbon footprint by adhering to its PACTE 3B: low carbon, biodiversity and wellbeing (Bas Carbone, Biodiversité, Bien-vivre). The objective is to get a head start on these three imperatives now to be in a stronger position to meet the challenges of the future:

- low carbon: less than 40%/sqm for residential properties and less than 20%/sqm for offices, Sogeprom's greenhouse gas reduction targets for 2030 (compared to 2019) are more ambitious than the pathway charted by France to achieve net zero. To achieve them, it is jumping ahead on France's RE 2025[(1)] environmental building regulations: building permit applications will comply with RE 2025 as of 2023 and the majority of its residential and office buildings will have an A energy efficiency rating[(2)];
- biodiversity: Sogeprom pledges to involve an ecologist and obtain ambitious biodiversity certification for developments that have significant green spaces. Similarly, the partnership with CDC Biodiversité signed in 2021 underlines the importance of urban biodiversity in real estate operations;
- wellbeing: Sogeprom is looking at mixed-use, positive externalities and quality of services in its response to changes in society and in stakeholder expectations. Labels and certifications are another requirement to deliver real estate projects that are healthy, comfortable and pleasant to live and work in.

To monitor its commitments, Sogeprom developed ECO-TATION, a self-assessment tool that measures the environmental and social performance of each of its real estate projects, according to the three central tenets (low carbon, biodiversity and wellbeing) of its Pacte 3B.

Sogeprom is firmly anchored in the regions: it has ten regional divisions in France engaged in building new bustling places to live, work and relax that meet the needs of individuals and local communities. The real-estate specialist develops mixed-use urban developments and upgrades existing properties using sustainable techniques and materials. By pursuing these goals, Sogeprom works to develop social and affordable housing in the Greater Paris area and throughout France. It cares about building affordable housing for all – especially in pressure areas where homes are needed most – and about making a difference by promoting eco homes, contributing to positive changes in society and to social diversity.

(1) *RE 2025: the latest set of regulations applicable to new builds that set minimum thresholds (for a building's energy use and carbon footprint). The requirements tightened considerably over time from RE 2012, followed by RE 2020 and now RE 2025.*

(2) *Energy efficiency rating: A, which is the highest rating.*

SGIP (*59 Immobilier* for Crédit du Nord clients) is responsible for marketing properties to the individual customers of both networks looking to invest in real estate. It has changed its listing method to give priority to properties built to high environmental standards, especially as regards biodiversity, and has upskilled its teams to ensure they provide the best possible advice on investments in more sustainable and responsible property. To do this, it has set a number of objectives:

- at least 30% of listed real estate developments must have biodiversity certification (BiodiverCity, Effinature);
- delisting of developments with too much land artificialisation;
- all employees (around 100) trained in sustainable building and biodiversity in real estate.

In France, the biodiversity course was co-constructed with and is run by **LaVilleE+**, a Group subsidiary that specialises in sustainable cities. The training includes a visit to an eco-district with an ecologist and a game-based learning module on the benefits of biodiversity in the city. All employees in France attended the training.

5.2.1.3.4 PROMOTING SUSTAINABLE MOBILITY

Societe Generale subsidiary **ALD Automotive*** is a European leader in long-term vehicle lease solutions, with sustainable mobility being the linchpin of its strategy. It furthers this goal through the vehicle technology offered to its customers and responsible vehicle use. ALD's commitments are recognised by the main extra-financial ratings agencies (top 1% for V.E. Moody's ESG, top 12% Sustainanalytics, top 2% Ecovadis). These extra-financial ratings recognise ALD's capacity to successfully build environmental, social and governance criteria into its strategy and the day-to-day conduct of its business. ALD has also committed to the Science-Based Targets initiative for the validation of its direct and indirect emissions trajectory.

On the strength of its positioning as facilitator/leader, ALD has a major role to play in supporting customers to reduce mobility-related emissions by offering a suitable and competitive product and service. ALD is actively contributing to the energy transition by providing customers with an option based on TCO (total cost of ownership), an all-in-one solution for electric vehicles including access to smart charging infrastructure (ALD Electric offer available in more than 20 European countries), targeted partnerships, and a global programme dedicated to electric vehicles.

Sustainable mobility is not just about vehicle technology, it is also about transforming how we use transport. It requires tailoring our offering to new customer expectations. Take ALD Move, a mobility-as-a-service app: users can tap into daily advice on the best options for their travel needs (car, public transport, bike) and manage their "mobility budget". ALD recently acquired share capital in Skipr, which will help accelerate the ramp-up of ALD's solutions in this area.

ALD is also seeking to meet its customers' requirements in terms of flexibility. In response ALD's new service, ALD Flex, provides a broad range of vehicle categories, from compact to light commercial, on demand Users can select by budget, transmission, fuel and emissions rating. Fleetpool, the leading German car subscription company and ALD's most recent acquisition, will broaden ALD's capabilities in this new generation of flexible solutions.

For more information, see ALD Automotive's Universal Registration Document (*https://www.aldautomotive.com/investors/information-and-publications/regulated-information#7136424-2--annual-financial-reports-registration-documents-and-amendments-*).

Over and above its leasing and fleet management activities, Societe Generale supports sustainable mobility players through dedicated financing. Accordingly, the Group regularly helps its customers to set up infrastructure promoting sustainable mobility, such as public transport solutions.

5.2.2 A MINDFUL BANK

5.2.2.1 Dialogue with stakeholders

Societe Generale strives to take a constructive attitude when engaging in dialogue with its stakeholders. The approach is described on the Group's corporate website (*https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*).

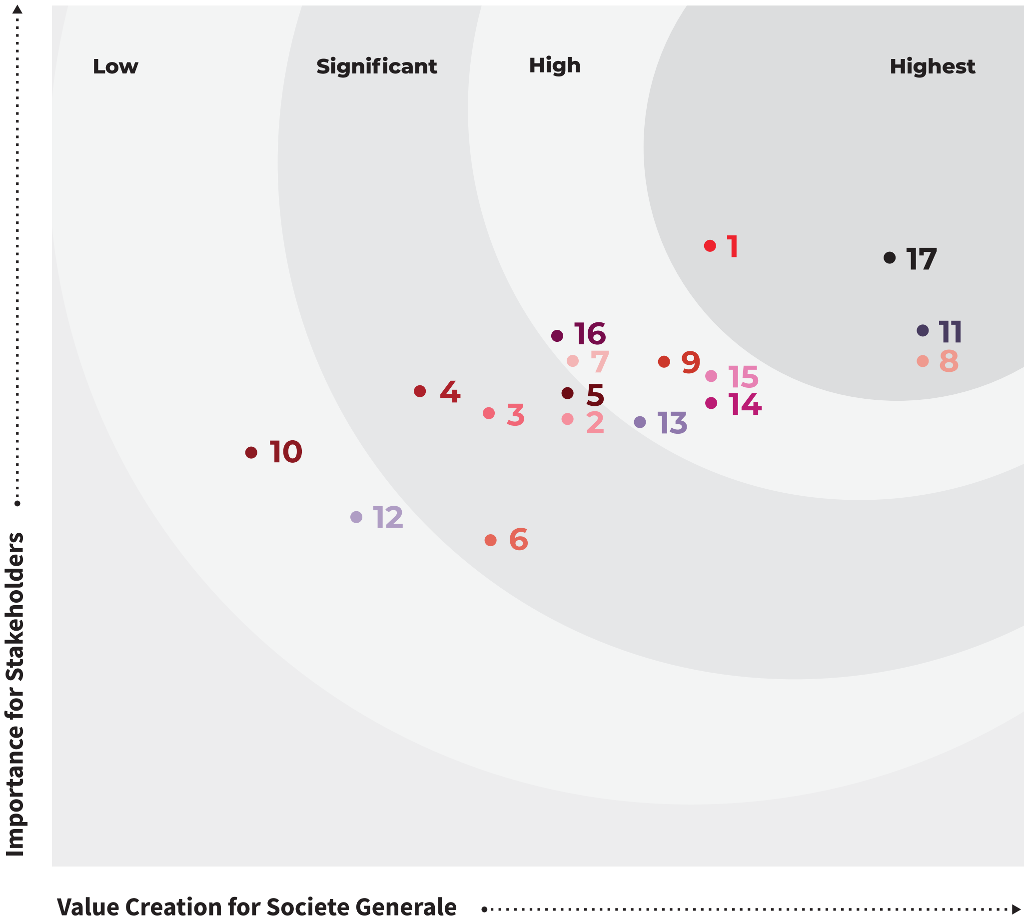
It strives to remain attuned to its stakeholders and adapt its approach to better meet their expectations whenever possible, in accordance with legislation and regulations in force. More specifically, the Group practices an active listening policy with:

- clients;
- employees (see "Being a responsible employer", page 293);
- investors and shareholders (see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*);
- regulatory and supervisory bodies (see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*);
- suppliers and service providers (see "Being a responsible purchaser: the positive sourcing programme", page 305);
- the media;
- financial and extra-financial rating agencies (see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*);
- civil society (see *https://www.societegenerale.com/en/responsibility/dialogue-with-our-stakeholders*).

5.2.2.1.1 MEASURING THE OBJECTIVES AND EXPECTATIONS OF STAKEHOLDERS

The Group consulted key internal and external stakeholders at the end of 2020 to update the priorities of its CSR ambition and ensure that it was aligned with risks and opportunities. It had adopted this approach during the definition of the previous Group strategic plan in 2017. This consultation gave rise to the creation of a new materiality matrix, which is presented below.

MATERIALITY MATRIX



- 1 Accelerate the low-carbon transition and increase the positive impact of the Group's products and services dedicated to fighting climate change
- 2 Help preserve biodiversity
- 3 Include vulnerable stakeholders
- 4 Expand the Group's offering of products and services with a positive social impact
- 5 Contribute to the sustainable development of local communities and regions
- 6 Contribute to the sustainable development of Africa
- 7 Anticipate and support transformation and innovation
- 8 Commit to safe and responsible digital development
- 9 Ensure effective ESG risk management in all businesses
- 10 Co-develop ESG risk assessment methodologies
- 11 Enhance the satisfaction and trust of all the Group's clients
- 12 Nurture the drive to innovate among Group staff
- 13 Unite the teams around committed and responsible employer management
- 14 Attract and enhance talents
- 15 Value diversity in skills and talent management
- 16 Rely on Group and business governance with long-term vision
- 17 Conduct the Group's business in an exemplary manner

A qualitative approach was used to take the stakeholders' pulse: in-depth one-on-one interviews were conducted with a representative panel of Group stakeholders. More than 80 employee managers were specifically trained to conduct the campaign, which involved 141 interviews. Interviewees were selected from a diverse sample of professionals spanning the entire range of businesses and the geographical zones in which the Group operates. Some 1,000 Group managers were also interviewed. In order to compare their expectations with those of other stakeholders who participated in the survey, ten more interviews focused on Group Management, including three members of the Board of Directors. These findings were subsequently enriched with responses provided during image and client satisfaction surveys performed regularly by Societe Generale and with submissions from dedicated focus groups composed of internal and external participants.

Societe Generale performed a materiality analysis according to three complementary levels:

1. stakeholders surveyed ranked the 17 materiality considerations identified by an Internal Group Work Committee according to their impression of relative importance;
2. Group Management also ranked the materiality considerations according to their impact on the different value creation dimensions for the Company;
3. the recurrence of the considerations under review was analysed during stakeholder interviews. All their contributions were subsequently studied on a qualitative basis. The study was conducted in line with the main materiality assessment standards, *i.e.*, the GRI*, AA1000*, IIRC* and SDG standards.

The materiality matrix classifies the issues according to their impact (assessed by General Management) on the different dimensions of value creation in the Company (x axis) and according to their relative importance for internal and external stakeholders (y axis). As a result, four issues manifested in the core circle, followed by six issues in the second inner circle, five issues in the third circle and, last, two issues of minor impact in the outermost circle.

5.2.2.1.2 ENGAGING IN DIALOGUE WITH CIVIL SOCIETY

As regards **civil society**, the Group is attuned to and engages in dialogue with NGOs that alert it to E&S issues. Wherever possible, an internal enquiry is conducted and a documented response is given, either in writing or during meetings convened for that purpose. Societe Generale uses the Sustainable Development Department to centralise communication or contact from NGOs or other stakeholders informing it about the E&S impact of its financing services or other services.

In the course of 2022, Societe Generale consulted with or participated in working groups with some ten NGOs, either in writing, through bilateral meetings or through broader, more global consultations organised by the associations themselves or by the French Banking Federation (*Fédération bancaire française* – FBF), *Entreprises pour les Droits de l'Homme* (businesses for human rights), *Entreprises pour l'Environnement* (businesses for the environment), Finance for Tomorrow and UNEP-FI, amongst others.

5.2.2.1.3 DIALOGUE WITH THE CLIENT BASE TO ENSURE SATISFACTION

The client relationship is central to the Group's business model, and client satisfaction and protection objectives are integrated into its CSR policy. Accordingly, continuous improvement in client satisfaction, the Net Promoter Score© (NPS) and the client experience are all factored into the variable remuneration of the members of the Management Committee (59 people).

In November, Societe Generale was awarded Customer Service of the Year for 2023 in the Banking category based on audits by mystery clients organised by the independent consulting firm BVA, across all our contact channels, including telephone, email, internet and social networks. This is the ninth time Societe Generale has won this accolade. It rewards the 800 employees of the client relationship centres in Lille, Paris, Lyons and Marseilles, and the social networks team and digital teams for the quality of the app and the website. It lends further weight to our ambition to be a lead player when it comes to client satisfaction.

In order to measure and monitor client satisfaction and to identify the practical actions to be taken, Societe Generale has implemented various measurement processes to gain a full overview of the quality delivered and the quality perceived by clients. In this regard, the Societe Generale and Crédit du Nord brands have both put in place policies to ensure there is a process of continuous listening to their clients. The Group uses several measurement criteria, including a satisfaction survey and the NPS, as indicators of the probability the client will recommend the Bank.

To obtain a competitive perspective, every year the Societe Generale network and the Crédit du Nord Group jointly commission a satisfaction survey by the CSA* research institute, the results of which are taken into account in its improvement initiatives. This survey looks at the top ten or eleven banks (depending on the market) and includes an NPS.

In 2022, 6,860 individuals, 5,100 professionals and 3,200 corporates were polled.

Among corporates, the satisfaction and recommendation (NPS) results are very close, with both the SG and CDN brands strongly rated and highly recognised.

The situation is more mixed among individuals and professionals: in these dynamic markets the NPS has remained stable over the last two years for both brands, preventing the Group from ranking among the leaders.

Internationally, a client satisfaction survey (which includes an NPS and competitive surveys) is conducted every year by Ipsos on individual and corporate clients. This is rounded out at KB and BRD by on-the-spot surveys conducted among individual clients after they interact with the Bank to measure their satisfaction level.

In Central Europe, the NPSs of the Group's banks show positive trends in increasingly competitive markets for individual clients. In the Czech Republic, KB has shown significant progress and BRD has stabilised at a high level amid the ongoing work around the digital transformation and streamlining of the branch networks. In the corporate segment, the Group's subsidiaries obtained very high recommendations and confirmed their leading positions in their markets.

In Africa, the Group's banking network delivered volatile NPSs, in line with the market in general. In the individual client segment in North Africa, the Group's banks saw an increase in their NPS, conforming their leading positions in Morocco, Algeria and Tunisia. In the corporate segment, the Group's subsidiary in Algeria tops its market. Across the rest of the continent, marked by a high degree of volatility, the Group's banks show mixed NPS results.

Societe Generale Assurance has set up a NPS measurement procedure for its main French and international markets. ASSU saw an increase in its NPS in 2022 thanks to the continued optimisation of its omnichannel pathways, the regular personalised communication sent to its clients and enhanced digital functionalities proposed to its clients.

ALD uses a global NPS measurement mechanism to determine the satisfaction of fleet managers and drivers (39 countries covered). ALD's NPS fell slightly in 2022 amid difficulties in the sector relating to the semiconductor crisis and to challenges in renewing fleet vehicles.

Societe Generale Equipment Finance (SGEF) focuses on a qualitative survey of its vendors' satisfaction. The number of vendors surveyed more than doubled, on foot of which its NPS rose significantly, confirming a high level of recommendation among this core group in the SGEF client relationship.

For its Global Banking segment (large corporates and financial institutions), Societe Generale carried out its eighth satisfaction survey between May and December 2022 among clients in the Americas, Asia, Africa, the Middle East and Eastern Europe. Overall, the clients polled represent almost 50% of the Group's NBI in these geographical areas. The large corporates and financial institutions polled once again gave Societe Generale high scores, highlighting strong relationship management, the quality of products and services offered, and the high level of balance sheet commitments with them. They also emphasised the leadership shown by European banks, including Societe Generale, in terms of ESG and have a positive opinion of our product and service offering in this space. Finally, the interviews held by members of the Bank's Management Committee with the executive management of our global banking clients continue to be rated positively.

5.2.2.2 Protecting clients and their assets in all circumstances

The Group pays **special attention to issues relating to client protection**, implementing strong employee training and awareness-raising initiatives, developing tools and strengthening internal rules on complaint processing, including on social networks. The processing of a complaint is a commercial act that impacts client satisfaction. As such, it is covered in the Group's Code of Conduct.

When an ongoing disagreement occurs with a client, Societe Generale offers free and direct access to the Client Relations Department. This has been the case since 1996 (*i.e.*, before it became compulsory further to French legislation passed in 2001). The Client Relations Department responds within two months, and refers any unresolved complaints to the Ombudsman, who then responds within 90 days. A mediation team reporting to the Ombudsman works for nearly all Group entities in France, with two dedicated websites – one dedicated to Societe Generale and the other to Crédit du Nord and its subsidiaries. Boursorama uses the mediation services of the French Banking Federation (FBF).

Mediation, a measure aimed at amicable settlement, is brought to the attention of clients using multiple media, in particular through a permanent notice on the back of bank account statements. The decisions taken by the Ombudsman independently of the sales teams are binding on the entities concerned, which have undertaken in advance to comply with them.

The Group has also strengthened its client data protection systems (see Chapter 4.11 "Compliance risk", Data protection paragraph, page 268)

	2020	2021	2022
Requests for mediation received by the ombudsman			
■ for Societe Generale	4,458	3,358	5,880
■ for Crédit du Nord	1,158	995	1,714
Cases processed by the ombudsman, deemed admissible			
■ for Societe Generale	698	681	1,369
■ for Crédit du Nord	278	215	305
Cases processed by the ombudsman, decision made			
■ for Societe Generale	405	947[(1)]	1,072
■ for Crédit du Nord	246	280	305
Ombudsman response time in case of disagreement (France) *(Nb of days)*	**> 90**	**> 90**	**54.81 for the Societe Generale network** **< 90 days for the Crédit du Nord network**

(1) Change due to a catch-up in the number of cases processed relative to 2021 and to file updating.

For more information on client protection measures, see Chapter 4.11 "Compliance risk", Client protection paragraph, page 266.

5.2.2.2.1 DATA PROTECTION AND CYBERSECURITY

In order to comply with the General Data Protection Regulation (GDPR), Societe Generale has significantly strengthened its personal data processing framework, in particular by implementing solid and proven governance, and consolidating or implementing a number of processes. The Bank responds to requests to exercise rights, manages violations of personal data and rolls out supplier management procedures. It has also strengthened personal data security and data erasure measures within the more general framework of the Group's security policy, and has created processing registers. In addition, the Group's normative documentation has been updated to reflect these changes. Societe Generale Group has appointed a Data Protection Officer (DPO) who reports to the Head of Group Compliance and is the main contact person for the French Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* – CNIL).

For more information, see Chapter 4.11 "Compliance risk", Data protection paragraph, page 266.

Societe Generale has set up an information security risk management system coordinated by the Security Department. Working in conjunction with the teams of the Resources and Digital Transformation Division, it strives to continuously improve the Information Security Policy and its implementation.

For more information on cybersecurity measures, see Chapter 4.7 "Operational risk", paragraphs Risks related to information security, page 259 and IT security master plan 2018-2020, page 259.

5.2.2.2.2 THE FIGHT AGAINST CORRUPTION, TAX EVASION AND MONEY LAUNDERING

This information is provided in Chapter 4.11 "Compliance risk", "The fight against corruption", page 267, "Anti-money laundering and counter-terrorism financing (AML/CTF)", page 266 and "Tax compliance", page 267. Societe Generale published a report on its 2021 tax contribution during 2022. This document completes the Group's Tax Code of Conduct and can be viewed on its website at *https://www.societegenerale.com/sites/default/files/documents/2022-06/Report-on-our-2021-Tax-contribution.pdf*.

5.2.2.3 Protecting clients' interests and tackling discrimination

5.2.2.3.1 A MARKETING POLICY THAT TAKES THE CLIENT'S INTERESTS INTO ACCOUNT

Societe Generale offers banking products and services suited to the needs of its clients, in compliance with the European and French legal framework.

The responsibility of Group employees with regard to the sale of banking products and services to clients is covered in the **Code of Conduct** (see page 8: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*). Stakeholders can view the Code of Conduct on the corporate website. It is based on the four core values that drive Societe Generale and which are shared by all its employees, namely team spirit, innovation, responsibility and engagement. These values were defined out of a shared objective to serve the client by striving to reach the highest possible standards of service. They form the basis of our employees' annual evaluations and are incorporated into the HR recruitment process.

Each year, an extensive training programme around this Code has been rolled out to all employees in all countries in which Societe Generale operates (see "Code of Conduct underpinned by shared values", page 345). It stresses that the products and services offered to clients must suit their situation and needs in order to best anticipate their projects and expectations. Societe Generale enters into contracts only with corporate clients whose practices comply with the Group's Environmental and Social General Principles (*https://www.societegenerale.com/sites/default/files/documents/2021-03/Environmental-and-Social-General-Principles.pdf*) or aim to comply with them. The Group has also established rigorous procedures to prevent conflicts of interest.

The Group's employees advise clients and inform them of the terms and risks associated with certain transactions, taking into consideration their level of expertise and their objectives. The Bank's products and services are proposed only after an in-depth meeting with the client relationship advisor. For instance, clients can have a diagnosis of their savings needs within the branch. This involves an evaluation of their profile (personal situation, assets, budget, financial expertise, risk profile) in order to propose suitable advisory services and personalised solutions.

In **French Retail Banking**, the Operational Risk Committee (COROC) has added the risk of misconduct to its remit, including tied selling. It examines the root causes and proposes an action plan. The "Client" and "Human Resources" teams send out guidelines on sales targets and appropriate conduct to managers every year, stressing the core concept of responsible sales. Mystery client visits throughout the year are another tool used to reinforce this policy. To further improve the client's experience and satisfaction, a client satisfaction target was added to the sales force evaluation criteria in 2021. A specific internal procedure expressly states that tied selling cannot be part of the criteria for individual performance bonuses. The issue is also tackled in initial training for sales operators and in "Excellence Client", the Societe Generale sales training centre attended by all sales personnel and their managers, which includes a presentation and explanation of the Eight Golden Rules of Retail Banking in France.

The Markets in Financial Instruments Directive (MiFID), which came into force in 2007, introduced a client classification and information obligation for investment service providers. The reason for the obligation is that the less experienced a client is, the more he or she is entitled to protection. The directive defines three types of client: eligible counterparties (banks and financial institutions), professional clients (businesses) and retail clients (individuals). Societe Generale has set out a formal policy describing its processes for executing the orders of financial market players. This policy document is presented to investors for acceptance and is accompanied by a best execution obligation.

In accordance with commitments made to the authorities in 2019, the Group has also made efforts to protect financially vulnerable clients by implementing fee capping systems. In parallel, specific training in this regard has been put in place for advisers dealing with vulnerable clients. For more information on the protection of financially vulnerable clients, see the paragraph "Supporting vulnerable clients and promoting inclusive banking", page 340.

Societe Generale has also strengthened its client data protection systems (see Chapter 4.11, "Compliance risk", Data protection paragraph, page 268).

Clarity of information

To ensure transparency, the retail banking service complies with its display obligations by making a pricing brochure available on the website and at all Group branches.

To make contracts easier to understand, efforts are being made to use plain, clear language in respect of all banking offers. For example, the contractual documentation for corporate clients has been harmonised to make the legal commitment concerning cash management services clearer.

5.2.2.3.2 TACKLING DISCRIMINATION

In line with its Environmental and Social General Principles, the Group proposes financial products and services to all clients pursuant to French law, which penalises all forms of discrimination (for more information, see Articles 225-1 to 225-4 of the French Criminal Code (*Code pénal*) *https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006165298/* [in French]). These obligations are transposed into the Group's standards documentation (Societe Generale Code) and its Code of Conduct and must be complied with by all permanent and temporary employees. Societe Generale's standards documentation makes specific reference to discrimination and extends compliance with French law to all entities; it states that situations involving the rejection of a client's request may not be motivated by discrimination based on gender, ethnic origin or religion.

In 2021, as part of the measures to raise employee awareness around the rules of client protection and efforts to combat discrimination, a library of the instructions and rules that are in force at national and international level was made available on the intranet for Societe Generale's employees:

- MiFID 2 regulation
- Insurance Distribution Directive (IDD)
- Products and Services offering
- Protection of retail customers
- Conflicts of interest – clients
- Protection of customer assets
- Customer complaints
- Employee compliance

5.2.2.3.3 SUPPORTING VULNERABLE CLIENTS AND PROMOTING INCLUSIVE BANKING

Supporting vulnerable clients

In France, the Group provides a free package of basic banking services in accordance with Article L. 312-1 of the French Monetary and Financial Code on the right to hold a bank account. Favourable terms are offered to young people on student loans to pay for their tuition, housing, equipment and other requirements. Societe Generale has renewed its partnership with Bpifrance, offering loans to students who have no income and nobody to act as guarantor for them. The maximum amount of the government-backed student loan offered to students aged under 28 with Bpifrance was EUR 20,000 in 2022 (the same amount as in 2021) to fund university studies; the overall amount was also kept the same. The share of government-backed student loans offered in conjunction with Bpifrance in 2022 to students in technical courses and universities was 34% (*vs.* 37% in 2021) and was 39% (no change *vs.* 2021) for students in 5-year higher education programmes and engineering schools.

Since 2021, the French Retail Banking business has galvanised around the "1 Jeune 1 Solution" programme created by the government under its "France Relance" stimulus plan to facilitate employment and inclusion among young people. In the space of two years, 19 recruitment events were organised in France, in Paris, Marseilles, Rennes, Lyons, Strasbourg, Lille, Bordeaux, Orléans, Tours, Nantes, Toulouse, Grenoble and Montpellier. Some 208 recruitment companies participated in the events together with 1,500 young people.

In accordance with Article R. 312-4-3 of the French Monetary and Financial Code, introduced pursuant to Article L. 312-1-3, paragraph 2 of said Code, the French Retail Banking business has developed a system to identify financially vulnerable clients. These clients can sign up to Généris, a day-to-day banking services package designed to help them manage their finances, for just EUR 1 a month. 2020 saw the Group introduce a new inclusive offer, Kapsul, for clients on a budget seeking more independence in the selection of their services. Available online or in-branch, this new account costs EUR 2 per month with no income conditions and no other account charges. Kapsul clients can pay for products and services from anywhere in the world and can also get an international Visa card with insurance and assistance cover.

The Group's **Boursorama** subsidiary also offers solutions tailored to clients experiencing temporary financial difficulties. Ranked the "least expensive bank in France" for fifteen consecutive years, Boursorama offers all clients a free-of-charge, easy-to-use and educational financial management coaching service *via* its Wicount® Budget account offering. Wicount® Budget helps clients to manage their day-to-day budget and stay on top of their finances. Features include income and expenditure analysis, payment due alerts for major payments, the setting of balance alerts when a particular threshold is exceeded and money-saving tips. A specific vulnerable client account is also offered providing access to basic banking services free of charge, helping vulnerable clients to avoid being overdrawn on their account, and capping certain non-payment and intervention fees. This offer includes a deposit account, which can be opened, managed and closed online, a debit card requiring systematic authorisation, cash withdrawal at ATMs, unlimited transfers and SEPA direct debits, and exemption from certain fees.

PHYSICAL ACCESSIBILITY (PEOPLE WITH DISABILITIES, SENIORS)

In 2020, Societe Generale Group subsidiary Boursorama became the first bank to earn BrailleNet's Accessiweb Argent label (for more information, see *http://www.accessiweb.org/index.php/rapport_de_labellisation/items/boursorama-banque-espace-client.html*), attesting to the accessibility of its online interfaces for clients with disabilities. Many features of Boursorama's online banking service meet the requirements of the RGAA (*Référentiel général d'amélioration de l'accessibilité* – the French government's official guide to improving accessibility), for example: read-aloud function for logging in, interface adapted for zoom magnification, video transcription and the revamped site navigation with specific shortcuts. The online Bank publishes its accessibility policy on its website at *https://groupe.boursorama.fr/accessibilite,48,71.html*.

The Group strives to ensure that its services are accessible to clients with disabilities, adapting premises where necessary and making its applications more user-friendly:

- access to Societe Generale and Crédit du Nord automated teller machines (ATMs);
- bank statements in Braille;
- outfitting: 93% of Crédit du Nord branches and 97% of Societe Generale branches were wheelchair accessible by the end of 2022;
- digital access to the Societe Generale mobile application.

Societe Generale is a signatory to the French manifesto for the inclusion of people with disabilities in economic life *(Manifeste pour l'inclusion des personnes handicapées dans la vie économique*) as part of which it is optimising access by people with disabilities to the Company's digital tools and integrating digital accessibility into the design of information system master plans and the development of digital solutions. Digital access is one of the four axes of Societe Generale's policy for the integration of people with disabilities, together with recruitment and integration, training and responsible purchasing. For more information on the manifesto, see *https://handicap.gouv.fr/le-manifeste-inclusion-enclenche-une-nouvelle-dynamique*.

The Group publishes its Multi-year Accessibility Plan on its institutional website (*https://www.societegenerale.com/sites/default/files/documents/2021-06/Schema-pluriannuel-2021_EN.pdf*).

Financial inclusion

As part of its policy on financial inclusion, the Group supports innovative solutions designed to promote sustainable economic development, incorporating environmental and societal performance, through both non-profit associations and philanthropic activities. It also supports the microfinance sector by acquiring interests in such structures. It offers stakeholders financial training to help them keep up with current financial challenges.

FINANCING THE NON-PROFIT SECTOR IN FRANCE AND SUPPORTING CLIENTS' PHILANTHROPIC PROJECTS

Societe Generale has developed close relationships in this sector, thanks to its network of non-profit specialists throughout the country. The Group offers its expertise to some 93,000 non-profit structures of all sizes (representing market share of 7% overall, and as much as 20% in the management association segment) to help them achieve their day-to-day management goals.

At the end of 2022, Societe Generale set up a regional business centre for institutional clients located in Paris and its suburbs. Situated in the centre of Paris, the centre will have around 65 employees who will report hierarchically to the regional management team responsible for the Île-de-France Sud area. This centre will serve all institutional clients located in the Greater Paris area, according to three market segments:

- large non-profit associations: NGOs, educational, cultural, socio-medical bodies, international institutions, etc.;
- public sector players: local and regional authorities, semi-public bodies, social housing associations, etc.;
- financial institutions: mutual insurance companies, insurance companies, etc.

The centre's purpose is to help boost the Group's commercial competitiveness on these markets so that it can meet the growing need for expertise by its clients and effectively support their projects.

Through Societe Generale's solidarity-based savings service, clients can donate part or all of the annual interest on their savings accounts to up to three non-profits chosen from among those with which the Group partners for this scheme. All non-profits selected by the Group adhere to high standards and guarantee transparency as regards the use of funds. For each donation, the Group adds an additional 10% which it pays directly to the association. The scheme has been awarded the Finansol label.

The **French Retail Banking business** plans to offer associations the use of 14 premises that have been left empty after the merger of its network for up to three years. For example, a temporary occupancy agreement was signed in 2021 with the Life Project 4 Youth organisation which fosters professional and social inclusion of young people living in extreme poverty who are victims of exclusion: the association does not pay any rent and has occupancy of the premises for up to three years.

Since 2018, Societe Generale has been drawing on its **Private Banking** arm and its philanthropic expertise to provide support in different areas to clients looking to adopt a philanthropic approach. As at the end of 2022, nearly 200 clients or families had received support and six foundations or endowment funds were created. In parallel, the Private Banking arm sealed a partnership with Philanthro-Lab[(1)], a unique space and incubator for philanthropic projects in France.

Created in 2009 under the aegis of the Fondation de France, the Societe Generale Private Banking initiative entitled "Fondation 29 Haussmann" aims to give children better opportunities in life and set them on track to become tomorrow's citizens. It operates as a philanthropic incubator favouring recently created associations that show strong growth potential, acting mainly as "first sponsor" while providing non-financial support. This approach fosters the development of new associations that seek to make a sustainable impact for the children being supported and is particularly devoted to helping disadvantaged children.

Moreover, since 2018, Societe Generale Private Banking has set itself apart by launching the first charity structured product on the market. To date, EUR 5 million in accumulated donations have been collected (EUR 1.3 million in 2022) for distribution to non-profit organisations working in the areas of cancer prevention, services for disabled people, services for children and inclusion through housing, and to help combat exclusion among the most disadvantaged. In 2022, Societe Generale Private Banking was awarded the "Grand Prix de la Philanthropie" in the children's category for its work in these two areas.

Since January 2018, **the Private Banking arms of Societe Generale and Crédit du Nord** have adopted a truly "collaborative philanthropic approach", designed to provide support each step of the way to entrepreneurs looking to make their investments count (particularly when selling a company) or to set up a philanthropic project for their family business. The approach is one of a kind in that the Banks work closely with the *Fondation de France* and the client's own advisers (lawyers, notaries, etc.) throughout the entire process, from initial discussions with the client through to creating and investing in a foundation, and then seeing their funds in action – a potentially complex undertaking.

Crédit du Nord's strategy in this respect focuses on select, small-scale events where the Bank can be most effective as a philanthropy ambassador. Crédit du Nord Private Banking organises events together with the Fondation de France on a range of philanthropy-related topics (from wealth management strategies to philanthropic projects) and invites along previous beneficiaries of the joint approach to share their experience of setting up a foundation and talk about the support they were given. Crédit du Nord clients are also invited to the Fondation de France's major donor events in Paris and throughout France (conferences, evenings at the opera, guided museum visits, etc.). The FICADE group's Gestion de Fortune magazine awarded its Philanthropy Trophy to this partnership.

In 2022, through its offering of social impact products and services, Societe Generale paid a total of EUR 2.4 million to some fifty French partner associations recognised as operating for the public good.

MICROFINANCE

The Group has worked in partnership with ADIE (a non-profit promoting the right to economic initiative) since 2006 to support microfinance throughout both metropolitan and overseas France.

In Africa, already in 2005 Societe Generale identified the scope of requirements and the emergence of microfinance in Africa, deciding to support the sector and, through its intermediary, to help boost the local rate of bank account penetration of microenterprises and SMEs which did not have access to traditional banking. Its work in this business sector, which is very specific and differs from that carried out through its retail banking network, takes several forms: from traditional refinancing of microfinance institutions to acquiring holdings in the capital of certain local institutions in Madagascar, Cameroon, Ghana, Ivory Coast and Burkina Faso, as well as acting as arranger for funding deals on the markets.

(1) Philanthro-Lab is a physical meeting place entirely dedicated to philanthropy. Its missions are twofold: to create an ecosystem for the development of philanthropy and to foster a broader culture of donation and engagement. For more information, see https://philanthro-lab.org.

In its Grow with Africa programme, Societe Generale expressed its resolve to use microfinance as a means to strengthen its work around financial inclusion and made a commitment to double its outstandings between 2018 and 2022. Looking to 2025, it reasserted this strategy at the end of 2021 to be present and active in this sector in Africa, both through capital holdings and solid partnerships, and by working alongside professional and responsible players.

The microfinance institutions in which the Group has remained a minority shareholder from the beginning served more than 700,000 clients at the end of 2022, around 30% of whom are borrowers (with an average loan outstanding of less than EUR 4,000).

Today, Societe General's African teams are the partners of choice for microfinance institutions because they can use their experience and knowledge of local players to best meet the needs of these institutions. The Group's goal is to leverage this franchise by developing relationships with microfinance institutions and groups.

EDUCATIONAL ACTIONS, SUPPORTING FINANCIAL EDUCATION

The Group's subsidiaries actively support financial education, which also helps in combating discrimination in the distribution of products and services. They make their websites a valuable source of information to help the general public keep up to date with and understand all the latest financial news.

With visits to its website at nearly 50 million a month, Boursorama.com is the leading portal for economic and financial news in France. It offers agency news dispatches, economic and stock market information, and budget management content, making it more accessible through a variety of resources: articles, videos, podcasts, fact sheets and discussion forums. It is an undisputed free source of financial education which is at the fingertips of the everyday person, whatever their background.

Boursorama also helps to educate its clients on financial matters through its products and services (such as the Wicount® online budget coach), its real-time live economic news broadcasts (*Ecorama*, *Journal des Biotechs*, etc.), its monthly live interactive webinars with experts from all walks of life, its daily one-minute videos providing viewers with key information and tips on everyday money-management ("Parlons cash"), and the specific sections on its website (accessible directly from the home page) and in its mobile apps designed to help clients manage their savings.

In 2022, for the second consecutive year, Boursorama, in partnership with l'Oréal, organised BoursoLive, the first-ever online conference on the stock exchange and financial markets open to the general public. During this free event, private individuals, both clients and non-clients of Boursorama Bank, have the opportunity to chat directly *via* chatrooms and video calls with listed companies, asset managers and issuers of financial products (ETF, stock market instruments) to obtain advice on the most appropriate products for them, whether as a first foray into the stock markets or to diversify their portfolio. Complementing the many educational tools and content features on boursorama.com, this exceptional three-day event with industry experts helps private individual investors to enhance their knowledge of the stock markets, find out more about risk-taking and invest in a more responsible manner. For this second BoursoLive conference, the topics covered included tips on how best to navigate the current economic climate, understanding the US financial markets, investment by women investors, and a beginner's guide to technical analysis together with a presentation of derivative products, such as warrants, turbos, etc.

In 2020, the **French Retail Banking** activity launched "Le 5' des Experts", a five-minute video programme on all things related to money. Every Tuesday, an expert from Societe Generale spends five minutes answering questions from consumers (mainly individuals but also open to professionals, and sometimes businesses, once a month) on subjects relating to lending, saving and insurance. The videos are published on the app (one video a week), on the website page for individual clients under "Nos conseils" (Our advice), and on Facebook and Instagram, and are included in client newsletters.

To help start-up clients launch their business, the "Devenir entrepreneur" (Become an entrepreneur) programme is a unique four-step process aimed at potential entrepreneurs to help them take their first steps. The "start-up" section of the professional clients' web page has been completely revamped and now offers more than 80 pages of educational content for business creators, while the advisory section proposes dedicated e-learning courses and a series of four meetings with the prospective entrepreneur depending on the stage of their project.

Through the Boost platform launched in 2019, the Societe Generale network in France offers 12 services specifically designed for young clients aged 18-24 to support them as they embark on higher level education or enter the workplace. In 2022, this offering was extended to clients aged 16 to 24, with seven free services that include access to offers of apprenticeships, work-study programmes and job vacancies, a career and student advice blog, simplified financial support products, aid in preparing for the driving theory test, a straightforward accommodation rental platform tailored for students, adverts for voluntary positions, and more. Societe Generale's "Boost Privilège" offering gives access to additional services over a six-month period in cases where the young client has subscribed for an eligible product, or for a fee of EUR 2 per month. These services represent a total value of more than EUR 200 per month.

Furthermore, since the end of 2020, the Group has been offering young clients aged 10-17 a debit card with a dedicated app that gives visibility on their outgoings, supporting them as they begin the journey of managing their own payments and become more financially independent. This free offer, called Banxup, is 100% digital and only available online. It allows users to view their account activity and request money from their parents, and comes with a Banxup Mastercard – a no-overdraft debit card. Parents can manage their child's financial activity in real time, according to their level of maturity and the situation involved, by configuring the card, managing payment and withdrawal limits, and deciding which online and contactless payments to authorise. Using the app, they can also opt to receive real-time notification of the payments made by their child, chat with their child and instantly and easily send them money.

Societe Generale **Private Banking** has produced a series of educational videos on "Understanding Responsible Investment" which are available on *www.privatebanking.societegenerale.com*. These are also available on the Spotify and Apple Podcast streaming platforms *via* the "Private Talk by Societe Generale Private Banking" programme.

In **Morocco**, Societe Generale launched a new offer for parents and children in 2021. The SoGé Banky account is a low-cost way for parents to introduce their children to greater financial independence, with no risk and while keeping control of the account at all times. The offer comes with a free "pocket money" card for each child. Parents with a SoGé account can also avail of an interest-bearing savings account free of account fees, the funds of which are available at all times.

KEY FIGURES RELATING TO SUPPORT FOR VULNERABLE CLIENTS

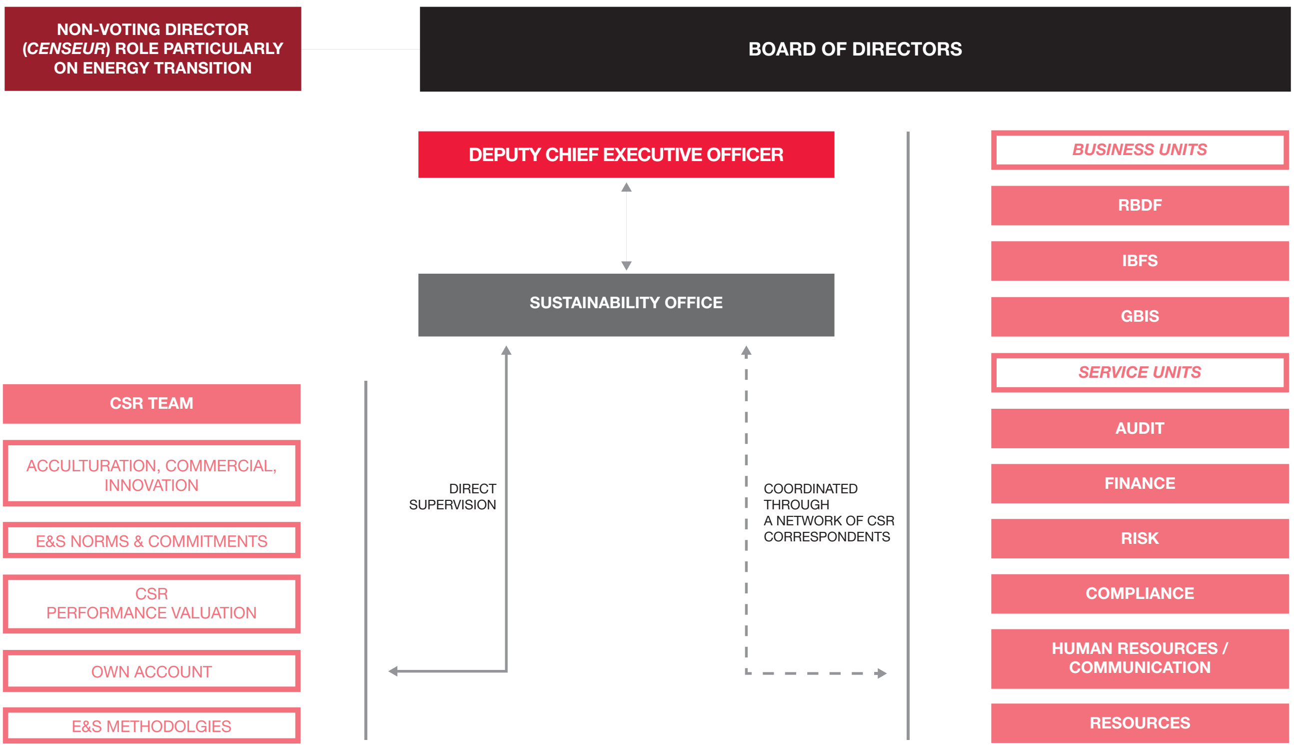
	2020	2021	2022
Number of clients benefiting from the Kapsul offer	3,553	5,170	5,622
Number of clients benefiting from the Généris offer	57,086	55,831	55,355
Provision of credit lines in partnership with ADIE *(In EURm)*	3.9	4.3	7.5
Loan outstandings with ADIE *(In EURm)*	14.8	18.3	18.2
Microfinance loan outstandings in Africa *(In EURm)*	95	101	120

5.2.3 A RESPECTFUL AND TRANSPARENT BANK

5.2.3.1 Incorporating CSR at the highest level of governance

Societe Generale is committed to conducting its activities in an exemplary manner and has made the **culture of responsibility** a prime focus of its CSR strategic ambition. The Group has also made CSR the linchpin of its **governance and compensation policy**. In addition, as part of its quest to be a vehicle for transformation towards a more sustainable world, Societe Generale participates in **numerous coalitions** which debate environmental, social and governance (ESG) issues and enable it to make **concrete commitments.** Last, the Group has developed a **strict framework for the management of environmental and social (E&S) risks** to ensure it rolls out these commitments throughout the entire organisation.

The charts below present how CSR is integrated into Group governance:



BOARD OF DIRECTORS AND ITS COMMITTEES

Formulates CSR strategy (notably climate-related strategy) based on the recommendations of General Management and reviewed by the Non-voting Director.

THE BOARD'S RISK COMMITTEES

The Risk Committee assesses CSR risk-related issues at least every quarter and examines all climate stress test results.

COMPENSATION COMMITTEE

The Compensation Committee examines issues related to Chief Executive Officers' remuneration and submits recommendations to the Board of Directors on CSR criteria affecting executive officers' remuneration.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination and Corporate Governance Committee reviews governance issues (including internal governance in the Group), prepares discussion material to enable the Board of Directors to deal optimally with CSR issues and considers the Board's requirements to act effectively on the various CSR-related topics.

AUDIT AND INTERNAL CONTROL COMMITTEE

The Audit and Internal Control Committee reviews all financial and extra-financial communication documentation related to CSR.

OVERSIGHT COMMITTEES

GROUP STRATEGY COMMITTEE STRATEGIC OVERSIGHT COMMITTEES FOR BUSINESS AND SERVICE UNITS (BU/SU)

The Group Strategy Committee and the Strategic Oversight Committees of the Business and Service Units also take action on CSR issues involving their respective remits.

CORISQ

The Risk Committee handles the assessment and consideration of ESG risks in the risk policy and spells out the climate and CSR risks in its work.

CORESP

The Responsible Commitments Committee examines any CSR issue affecting the Group's responsibility or reputation.

Four bodies play a specific role in CSR:

1. **the Board of Directors**, which formulates CSR strategy (notably climate strategy) guided by General Management and the non-voting Director. The recommendation is previously reviewed by: the Risk Committee for risk-related issues, the Compensation Committee for remuneration-related matters involving the Chief Executive Officers and the Nomination and Corporate Governance Committee for governance questions (including internal governance in the Group). The Risk Committee also examines CSR risks at least once every quarter, together with climate stress test results. The Audit and Internal Control Committee reviews all financial and extra-financial communication documentation related to CSR (Duty of Care Plan, Extra-Financial Performance Declaration) before submitting it to the Board of Directors for approval. The Compensation Committee makes recommendations to the Board of Directors on CSR criteria concerning the remuneration of corporate officers. The Nomination and Corporate Governance Committee prepares discussion material to enable the Board of Directors to deal optimally with CSR issues. Using the Directors' skills matrix, it also delves every year into the Board of Directors' needs in terms of expertise, including in respect of the various CSR topics, drawing the necessary conclusions on the recruitment process in place and the training on offer. Each topic covered by the Committees is subsequently discussed by the Board of Directors. Apart from his role in formulating strategy, the non-voting Director assists the Committees when they deal with CSR topics. During its meeting of 12 January 2023, the Board of Directors validated the principle of extending his remit to cover all CSR issues and not exclusively energy transition. Furthermore, the Board of Directors' internal rules contain information on the environmental and social issues to take into consideration where necessary;
2. **General Management**, which examines CSR themes through:
   - the Responsible Commitments Committee (CORESP), which is chaired by the Deputy Chief Executive Officer, who is specifically tasked with supervising the Group's CSR commitments and standards, including aligning its actions with climate targets. The Deputy Chief Executive Officer also examines any E&S issues that impact the Group's responsibility or reputation (see Chapter 3, Governance bodies, page 108, and Chapter 4, Governance of risk management, page 182),
   - the Group Risk Committee (CORISQ), which sets out the Group's main strategies in relation to credit, counterparty, environmental, country, market, operating and model risks, etc., in addition to risk appetite and the financial objectives set by the Board, and ensures compliance in these areas, Chapter 4, Risk management framework, page 182),
   - the Group Strategy Committee and the Business Units' and Service Units' (BU/SU) Strategic Management Committees (see Chapter 3, Governance bodies, page 108);
3. **the Sustainable Development Department**, which has reported to General Management since 1 January 2022. The Head of the department is a member of the Group Management Committee and oversee the formulation of a dedicated policy for the Group that is attuned to stakeholders, and the monitoring of actions in this area, backed by a 24-strong team and supported by a network of over 300 ESG ambassadors in the Business and Service Units (at Q4 22);
4. **the Group BU/SU entities**, which are tasked with implementing and aligning their initiatives with Societe Generale's CSR policy.

5.2.3.2 Rolling out a Code of Conduct underpinned by shared values (and human rights)

The Group seeks to establish a culture of responsibility and apply the strictest control and compliance standards in the banking sector. It commits its employees to act with integrity and in accordance with applicable law in all its activities. To that end, the Group has defined a Code of Conduct describing the standards to be observed and constituting a commitment towards each stakeholder. This Code applies to all its employees worldwide. In addition to its Code of Conduct, Societe Generale also possesses a Charter for Responsible Advocacy (see below) and a Sustainable Sourcing Charter (*https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf*).

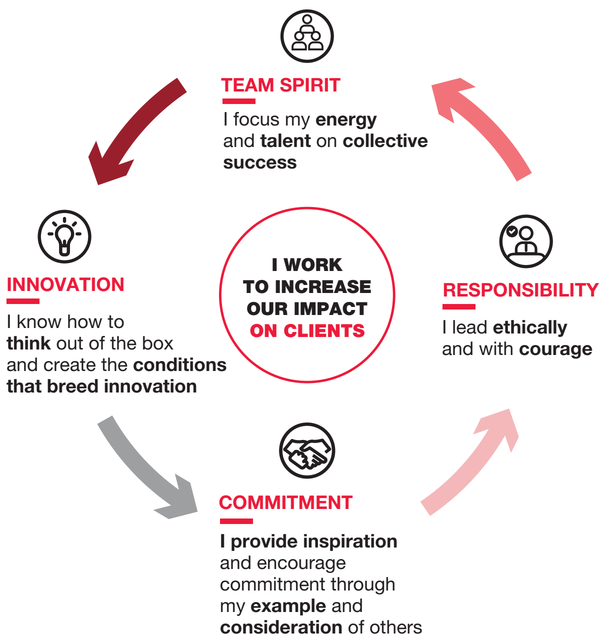
Societe Generale has built a strong culture based on its values, its **Leadership Model and its Code of Conduct**. It is guided by **four key values which are shared by all employees**, Team Spirit, Innovation, Engagement and Responsibility. At the centre of these is the client, for whom the Group strives to achieve the highest possible standards of service quality.

5.2.3.2.1 THE LEADERSHIP MODEL

Societe Generale's values feed into its Leadership Model, which defines the behaviour and skills expected within the Group, emphasising that the way in which results are achieved is every bit as important as the results themselves.

The behavioural skills reflected in the Leadership Model are divided into three categories corresponding to the main levels of responsibility within the Company (senior executives, managers and employees) and are shared throughout the Group.

The four key values thus translate into key skills (see diagram below), which are in turn reflected in certain observable and measurable behaviours.



The Leadership Model's internal skills guide describes the expected behaviour corresponding to each of these skills. In conjunction with the guide, a self-assessment tool available on the intranet asks twenty questions through which respondents can see how they rate in relation to appropriate conduct and provides leadership development tools to work through the various skills.

The annual appraisal targets are set based on the four Leadership Model values. One of the values is attached to each behavioural objective and employees can use the Leadership Model to formulate their annual targets.

5.2.3.2.2 THE CODE OF CONDUCT, A VEHICLE FOR THE GROUP'S VALUES

The Group conducts its operations in accordance with the values and principles set out in the following major international conventions:

- the Universal Declaration of Human Rights and its additional commitments;
- the fundamental conventions of the International Labour Organization (ILO);
- the Unesco World Heritage Convention;
- the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights.

These values are espoused in the Code of Conduct policy document and span the entire spectrum of Group activities and the countries in which it operates. The Code describes our commitments towards all stakeholders, clients, employees, investors, suppliers, regulatory and supervisory bodies, the general public and civil society, as well the principles of expected individual and collective behaviour. It refers directly to the whistleblowing procedure, which forms part of the mechanism to combat inappropriate behaviours.

Available in the main languages spoken in the Group, the Code of Conduct is the cornerstone of professional ethics at Societe Generale. It promotes respect for human rights and the environment, the prevention of conflicts of interest and corruption, anti-money laundering and counter-terrorist financing measures, respect for market integrity, data protection, proper conduct regarding gifts and invitations, and responsible sourcing.

The Code of Conduct rules go beyond the minimum statutory and regulatory requirements in force, especially in countries whose laws and regulations are not as stringent as the Group's high ethical standards.

Stakeholders can view the Code of Conduct on the Societe Generale corporate website: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*). Further information is provided in the Tax Code of Conduct and the Code Governing the Fight Against Corruption and Influence Peddling (see: *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf* and *https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code-governing-the-fight-against-corruption-and-influence-peddling-uk.pdf*).

The Group undertakes to operate with the utmost integrity and transparency, and to comply with the applicable laws and regulations in all countries in which it operates, in particular regarding the offering and receipt of gifts, and the organisation of or participation in business meals or external events as part of its professional activities and business relationships (and in the event that these events involve public and/or politically exposed persons – PEPs).

The **whistleblower tool**, which is accessible at *https://report.whistleb.com/en/societegenerale* and on Societe Generale's website, is operational in France and internationally. With WhistleB, anyone may raise the red flag when they believe that they have good reason to suspect the existence of a situation or an action that manifestly violates an international treaty, law or regulation, human rights or fundamental freedoms, the health and safety of persons and the environment, or the Group Code of Conduct. It is available to all employees, as well as to external or temporary staff and service providers working with the Group on an established basis (as subcontractors or suppliers), and third-party facilitators. Whistleblowers have the right to remain anonymous. Flags raised by whistleblowers are hosted on a secure external platform offering the guarantees required by the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, namely the protection of personal data and strict confidentiality of any information provided. Whistleblowing is a right and no employee may be sanctioned in any way whatsoever for having made disclosures in good faith.

In addition to complying with obligations under French, European and local laws, Societe Generale has also signed the following commitments:

- transparency International France's joint statement (*https://transparency-france.org/wp-content/uploads/2016/04/2015_D%C3%A9claration-commune-sur-le-lobbying.pdf*);
- the responsible lobbying charter for responsible representation to public authorities and representative institutions (*https://www.societegenerale.com/sites/default/files/documents/2022-05/2022_Memorandum_Responsible_Advocacy_Activities.pdf*);
- the Transparency Register of European Institutions (*https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=34369111614-57&locale=en#en*), jointly with the European Parliament and the European Commission, supplemented by a Code of Conduct;
- the French Senate's Code of Conduct (*https://www.senat.fr/fileadmin/Fichiers/Images/sgp/Code_de_conduite.pdf*);
- the French National Assembly's Code of Conduct (*https://www.assemblee-nationale.fr/dyn/pages-statiques/pages-simples/decouvrir-l-assemblee/code-de-conduite-applicable-aux-representants-d-interets*);
- the digital transparency register administered by the High Authority for Transparency in Public Life (*Haute Autorité pour la transparence de la vie publique* – HATVP). The Group created its "interest representation" sheet (*https://www.hatvp.fr/fiche-organisation/?organisation=552120222*);
- compliance with local Codes of Conduct and registration with the authorities of its interest representation activities on any other existing register with which Societe Generale operates locally.

The full list of these commitments appears:

- for internal use, in Societe Generale's normative documentation (Societe Generale Code) in a dedicated section available to employees and is also available to service providers;
- for public consultation, in a document describing measures governing interest representation which is available in English only on the Group's corporate website at the following address: *https://www.societegenerale.com/sites/default/files/documents/2022-05/2022_Memorandum_Responsible_Advocacy_Activities.pdf*.

5.2.3.2.3 THE CULTURE & CONDUCT APPROACH

At the end of 2016, the Board of Directors approved the launch of a Group Culture & Conduct programme aimed at supporting the Group's cultural transformation, ensuring **compliance with the strictest integrity standards, and establishing a lasting relationship with its stakeholders built on trust**.

The programme was shared with all employees, making it possible to reaffirm and promote collective and individual behaviour aimed at the ethical and responsible performance of the Group's activities. Since the launch of the initiative, numerous actions have been successfully carried out in the following seven areas: implementation of a Culture & Conduct governance system at the highest level of the organisation and in the businesses, publication of a dashboard to monitor changes in Culture & Conduct indicators, implementation of a conduct risk management system, alignment of Human Resources processes, training and awareness-raising among employees, development of cultural transformation, and communication aimed at integrating Culture & Conduct issues into the daily lives of employees.

Placed from the outset under the supervision of the Board of Directors and General Management and steered by a cross-business project team, the programme has achieved the targets it had set for this first stage. Project mode management came to an end on 31 December 2020 and evolved into a long-term system, with the Culture & Conduct approach remaining a major consideration for the Group.

Now that the programme has been fully implemented, all BUs and SUs are expected to push further ahead with integrating Culture & Conduct considerations into the performance of their daily activities. Every year, the BUs and SUs set out a roadmap on these topics, covering their goals and the related risks.

Central oversight of these topics is coordinated by the Human Resources and Compliance Departments. They intend to continue cementing a solid and lasting culture of responsibility throughout the Group, and to ensure that all BUs and SUs roll out the necessary measures to encourage appropriate behaviour and protect the Group's interests in the long term. Culture & Conduct Supervision Committee meetings, chaired by General Management, are held quarterly, at which: 1) the Human Resources and Compliance Departments must report jointly on cross-business action plans and achievements; 2) two BUs and SUs also present progress reports on the rollout schedule of Culture & Conduct themes according to a single assessment grid. Last, General Management and the Board of Directors are submitted an annual Culture & Conduct report each year. This report provides an overview of the main conduct risks in the businesses, identifies the action plans necessary to improve risk management in these areas and helps track indicator trends.

General Management supervises the entire programme and prepares an annual dashboard on the results for the Board of Directors.

The Report on Corporate Culture and Ethics Principles sets out the Culture & Conduct approach: (*https://www.societegenerale.com/sites/default/files/documents/2022-03/Corporate-Culture-and-Ethical-Principles-2021.pdf*).

The main Culture & Conduct achievements in 2022 were:

- the annual compulsory Code of Conduct learning module that deals with four areas: the Group's Culture & Conduct ambitions, stakeholder expectations, content of the Code of Conduct and additional Codes regarding tax and anti-corruption measures, together with ethical reasoning. In addition, ongoing training was provided for key risk evaluation contributors on the processes for managing behavioural risk as part of the annual Risk and Control Self-Assessment (RSCA) exercise, which includes the management of behavioural incidents, disciplinary procedures, etc., and on the management of Culture & Conduct subjects;

- the continued alignment of the main Human Resources management processes with the Group's Culture & Conduct ambitions: updating of the guidelines for assessing behaviour and compliance and optimisation of the management of behavioural incidents and disciplinary procedures;
- Culture & Conduct awareness actions carried out by the Human Resources and Communication Departments aimed at fostering an environment supportive of appropriate behaviour and which mirrors the Group's values. A roadmap was devised with three strategic targets: 1) enhance support for the BUs and SUs in applying Culture & Conduct themes, 2) continue to inform employees and raise awareness around the identification of conduct-related risks, and 3) promote a speak-up* culture at Group and BU and SU levels;
- the harmonisation of procedures for managing and monitoring conduct risks and actions taken on Culture & Conduct issues through the integration of Culture & Conduct issues into the work of the internal control committees of the BUs and SUs and the creation of normative documentation on this subject.

CULTURE & CONDUCT KEY FIGURES

- One single Code of Conduct for all Group employees, available in 18 languages.
- 87% of employees had validated their Code of Conduct training module for the 2022-2023 campaign, *i.e.* 102,655 employees (data at 15 February 2022).
- 26,923 Group managers and employees in the HR Department were targeted for compulsory training on the Group's disciplinary framework, with a completion rate of 96.6% (February 2023).
- 100% of the BUs and SUs have a Culture & Conduct correspondent and a Conduct Officer.
- At end-2022, 88% of employees believed that their manager encouraged ethical and responsible behaviour.
- At end-2022, 82% of employees confirmed that they were prepared to whistleblow if they witnessed or experienced inappropriate behaviour.
- At end-2022, 85% of employees said they could confidently express themselves to team members.
- At end-2022, 80% of employees believed that their manager encouraged collaboration between the BUs and SUs.
- A total of 126 admissible alerts were reported in the whistleblowing tool in 2022 (*vs.* 122 in 2021), 75% of which concerned HR issues (*vs.* 76% in 2021).

5.2.3.2.4 RESPECTING HUMAN RIGHTS

Societe Generale is committed to respecting and promoting human rights, which constitutes one of the fundamental values of its CSR policy. **The Group defines and implements environmental and social (E&S) policies, processes and operational procedures to uphold its human rights commitments.**

Societe Generale reaffirms these commitments in its Human Rights Statement, appended to its Environmental and Social General Principles (the E&S General Principles) *(https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*). The respect for and protection of human rights is enshrined in its Code of Conduct (*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*) and its E&S General Principles (*https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*).

Societe Generale is also governed by French legislation passed on 27 March 2017 on the **duty of care** for parent and subcontracting companies (known as the Duty of Care Act). This law requires that the Group prepare and implement a duty of care plan to identify risks and prevent serious breaches of human rights and fundamental freedoms, or damage to the health, safety and security of persons and the environment as a result of its activities. The Group's Duty of Care Plan is included on page 361.

As required under the United Kingdom **Modern Slavery Act** of 2015 and the Australian Modern Slavery Act of 2018, Societe Generale also publishes an annual statement on its corporate website outlining the steps it has taken to prevent modern slavery and human trafficking *(https://www.societegenerale.com/sites/default/files/documents/2020-10/modern-slavery-act.pdf).*

Over the years, the Group has voluntarily adopted various procedures and tools to identify, assess and manage human rights and environmental risks as part of how it manages its human resources, supply chain and businesses. Accordingly, Societe Generale saw this regulatory obligation as an opportunity to clarify and strengthen its existing framework.

This risk management framework covers three main areas:

- respecting the human rights of its employees and social partners (for more information, see "Being a responsible employer", page 293);
- respecting human rights in its supply chain and through its suppliers (for more information, see "Being a responsible purchaser: the positive sourcing programme", page 305);
- respecting human rights in its financial and banking products and services (for more information, see "E&S risk management in the businesses to promote fair and responsible growth", page 275).

All policies applied in these three areas are detailed in the Group's Duty of Care Plan, presented on page 361.

Societe Generale reaffirms these commitments in its Human Rights Statement, appended to its Environmental and Social General Principles (*https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*). The respect for and protection of human rights is enshrined in its Code of Conduct (*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*).

Last, as mentioned above, whistleblowers can report any potential or actual violations in respect of human rights, fundamental freedoms, health and safety or the environment using the Group's online tool, available on the *www.societegenerale.com* portal at *https://report.whistleb.com/en/societegenerale.*

5.2.3.3 Acting with complete transparency

As required under its regulatory and contractual obligations, the Group regularly publishes information on its actions in relation to corporate social responsibility. The table below provides a brief description of these publications and the links to access them.

5.2.3.3.1 SUMMARY OF THE INFORMATION PUBLISHED BY THE GROUP ON ITS CSR OBJECTIVES

Name of the publication	Description of the publication	Link	Date of last update
Establishing a culture of responsibility			
Group Code of Conduct	Sets out the Group's professional Code of Ethics, going beyond the strict application of the laws, standards and regulations in force in the different countries in which it operates. It puts in place a framework for compliance with the highest of ethical standards in terms of respecting human rights and protecting the environment.	*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code_of_conduct_eng.pdf*	Updated in February 2019 from the October 2016 version
Anti-Corruption and Influence Peddling Code	Sets out a framework for the prevention of conflicts of interest and corruption and to combat money laundering and hidden funding.	*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/code-governing-the-fight-against-corruption-and-influence-peddling-uk.pdf*	April 2021
Group Tax Code of Conduct	Describes the principles and general framework applied by the Group in relation to its own tax affairs and those of its clients in their dealings with the Group. It also covers relations with the tax authorities.	*https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf*	2019
Tax Transparency Report	Provides additional information on the amounts and types of tax paid by the Group each year, and on its policy and accountability in relation to tax.	*https://www.societegenerale.com/sites/default/files/documents/2022-06/Report-on-our-2021-Tax-contribution.pdf*	2022
The Responsible Lobbying Charter for responsible representation to public authorities and representative institutions	Sets out the main rules applied by the Group with regard to representation to public authorities and representative institutions.	*https://www.societegenerale.com/sites/default/files/documents/2022-05/2022_Memorandum_Responsible_Advocacy_Activities.pdf*	
Sustainable Sourcing Charter	Part of a joint initiative by French banking and insurance sector players to ensure that their suppliers remain vigilant in the application of their CSR policies.	*https://www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf*	2010
Principles for Responsible Banking Report - published in English only	Presentation of an annual self-assessment by the Group showing how it complies with its commitments under the UNEP-FI Principles for Responsible Banking.	*https://www.societegenerale.com/sites/default/files/documents/2022-04/Principles-for-Responsible-Banking-Report-and-Self-Assessment-2023.pdf*	2023

Name of the publication	Description of the publication	Link	Date of last update
Environmental and Social General Principles	A list of: ▪ E&S risks; ▪ the standards and initiatives that make up the Group's reference framework; ▪ the main aspects of the environmental and social risk management system implemented by the Group's activities and incorporated into its governance, as formalised in the Group's normative documentation.	*https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*	October 2020
Sector policies	The Group has nine sector policies covering common E&S issues and the various factors that require a sector-based or regional approach.	*https://www.societegenerale.com/en/publications-documents?search=&theme=&category=&year=2021&op=Filter*	▪ Industrial Agriculture and Forestry – February 2022 ▪ Dams and hydroelectric power - November 2021 ▪ Thermal power plants - November 2021 ▪ Thermal coal - July 2020 ▪ Defence and Security - February 2020 ▪ Mining - November 2021 ▪ Shipping - November 2021 ▪ Civil Nuclear Power - September 2014 ▪ Oil and gas - January 2022
Being a responsible employer			
Modern Slavery Act – published in English only	Statement issued in response to UK and Australian law requiring the disclosure of the steps taken to prevent modern slavery and human trafficking from occurring in our operations and supply chains.	*https://www.societegenerale.com/sites/default/files/documents/2020-10/modern-slavery-act.pdf*	2022
HR thematic reports	In its role as a responsible employer, the Group publishes thematic reports each year on five strategic priorities and its activities in these areas: ▪ corporate culture and ethics principles; ▪ professions and skills; ▪ diversity and inclusion; ▪ performance and compensation; ▪ health and safety in the workplace.	*https://www.societegenerale.com/sites/default/files/documents/2021-03/2020_Report_Corporate_Culture.pdf* *https://www.societegenerale.com/sites/default/files/documents/2022-03/Professions-and-Skills-report-2021.pdf* *https://www.societegenerale.com/sites/default/files/documents/2022-03/Diversity-and-Inclusion-Report-2021.pdf* *https://www.societegenerale.com/sites/default/files/documents/2022-03/Performance-and-Compensation-Report-2021.pdf* *https://www.societegenerale.com/sites/default/files/documents/2022-03/Health%20and%20Safety%20Report_2021.pdf*	2022
Human resources report	A snapshot of Societe Generale's employees in France as at 31 December 2021	*https://www.societegenerale.com/sites/default/files/documents/2022-05/Bilan-Social-2021.pdf*	2022

Name of the publication	Description of the publication	Link	Date of last update
Supporting clients with their environmental transformation projects and making a positive impact on local communities			
Global Compact Report	A Group self-assessment of its activities as part of it membership of the UN Global Compact, of which it has been a signatory since 2023.	*https://www.unglobalcompact.org/what-is-gc/participants/8628%23cop*	2021
Equator Principles Report – published in English only	Sharing of information with our stakeholders on how Societe Generale applies the EP. Annual public reporting is one of the commitments the Bank has made when joining this initiative.	*https://wholesale.banking.societegenerale.com/fileadmin/user_upload/SGCIB/pdf/EQUATOR_PRINCIPLES_REPORT_2021.pdf*	2022
Framework for Societe Generale sustainable bond issues supporting its commercial activity			
Sustainable and Positive Impact Bond Framework – published in English only	Presents the reference framework applied by the Group in relation to the issuance of sustainable bonds.	*https://www.societegenerale.com/sites/default/files/documents/2021-11/20211104_Societe-Generale-Sustainable-and-Positive-Impact-Bond-Framework.pdf*	November 2021
Sustainable & positive impact bond reporting – published in English only	Reporting on how the funds raised by Societe Generale from its sustainable bonds are used.	*https://www.societegenerale.com/sites/default/files/documents/2022-06/SG-SPIF-Reporting-as-of-2021-12-31.pdf*	2022

5.2.3.3.2 PRINCIPLES FOR RESPONSIBLE BANKING CROSS-REFERENCE TABLE

The purpose of the cross-reference table below is to help readers locate the main publications illustrating Societe Generale' commitment in respect of the UN Principles for Responsible Banking. It was not subject to an independent review by the independent third-party body, the verified scope of work and detailed information of which are set out in their limited insurance report.

Principles for responsible banking	Page number
Principle 1 – Alignment	
■ **Business model**	Chapter 1, **Profile of Societe Generale**, page 8 and Chapter 6, **Outstanding amounts and impairments by geographical region**, page 459.
■ **Alignment with the SDG, Paris Agreement and national frameworks**	Chapter 1, **CSR ambition**, page 11; Chapter 5, **Taking action and building a sustainable future together**, page 314; Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5 °C**, page 319; Chapter 5, **Rolling out a Code of Conduct underpinned by shared values (and human rights)**, page 345, **Environmental and social principles**. (*https://www.societegenerale.com/sites/default/files/documents/CSR/Environmental-Social-General-Principles.pdf*); **Modern Slavery Act** *(https://www.societegenerale.com/sites/default/files/documents/CSR/Modern_Slavery_Act.pdf)*.
Principle 2 – Impact and target setting	
■ **Impact analysis**	Chapter 4, **Risk factors**, page 165, Chapter 4, **Credit risk**, page 207; Chapter 4, **Analytical approach to extra-financial risk factors**, page 273; Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319; Chapter 5, **Supporting large corporates in their environmental and social transition**, page 327; Chapter 5, **Measuring the objectives and expectations of stakeholders**, page 335 and Chapter 5, **Duty of Care Plan**, page 361.
■ **Target setting**	Chapter 2, **Supporting positive transformation**, page 48; Chapter 4, **Incorporating the environment in the risk management framework**, page 275, Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319 and Chapter 5, **Supporting positive change**, page 325.
Principle 3 – Clients & Customers	
■ **Client engagement**	Chapter 4, **Managing ESG-related risks in the Group's activities**, page 275; Chapter 5, **Supporting positive change**, page 325, Chapter 5, **A marketing policy that takes the client's interests into account**, page 339, Chapter 5, **Duty of Care Plan**, page 361.
■ **Opportunities**	Chapter 1, **CSR ambition**, page 11; Chapter 2, **Extra-financial report**, page 46, Chapter 5, **Supporting positive change**, page 325.
Principle 4 – Stakeholders	
■ **Identification and consultation with stakeholders**	Chapter 5, **Dialogue with stakeholders**, page 335.
Principle 5 – Governance & Culture	
■ **Governance structure for the implementation of the PRB**	Chapter 3, **Activity Report of the Board of Directors' Committees**, page 70; Chapter 3, **Remuneration of Group Senior Management**, page 112; Chapter 4, **Analytical approach to extra-financial risk factors**, page 273; Chapter 5, **Incorporating CSR at the highest level of governance**, page 343.
■ **Promoting a responsible banking culture**	*Chapter 2,* **Ensuring ethical and responsible conduct of business**, page 51 ; Chapter 3, **Remuneration of Group Senior Management**, page 112; Chapter 4, **Managing ESG-related risks in the Group's activities**, page 274; Chapter 5, **CSR training plan**, page 294; Chapter 5, **Rolling out a Code of Conduct underpinned by shared values (and human rights)**, page 343, **Duty of Care Plan**, page 359, and **Performance and Compensation Report** *https://www.societegenerale.com/sites/default/files/documents/2022-03/Performance-and-Compensation-Report-2021.pdf*
■ **Policies and due diligence**	Chapter 4, **Managing ESG-related risks in the Group's activities**, page 274; Chapter 5, **Duty of Care Plan**, page 359.
Principle 6 – Transparency & Accountability	
	Chapter 2, **Extra-financial report**, page 46; Chapter 5, **Acting with complete transparency**, page 346; Chapter 5, **Duty of Care Plan**, page 359, and Chapter 5, **Independent third party's report**, page 336.

5.2.3.3.3 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) RECOMMENDATIONS CROSS-REFERENCE TABLE

The purpose of the cross-reference table below is to help readers locate the main publications illustrating Societe Generale' commitment in respect of the UN Principles for Responsible Banking. It was not subject to an independent review by the independent third-party body, the verified scope of work and detailed information of which are set out in their limited insurance report.

TCFD recommendation	Page number
Governance	
(a) Describe the way in which the Board of Directors supervises climate-related risks and opportunities.	Chapter 3, **The Board of Directors' Committees**, page 95; Chapter 5, **Incorporating CSR at the highest level of governance**, page 343.
(b) Describe the management's role in assessing and managing climate-related risks and opportunities.	Chapter 3, **The Board of Directors' Committees**, page 95; Chapter 5, **Incorporating CSR at the highest level of governance**, page 343.
Strategy	
(a) Describe the short-, medium- and long-term climate-related risks and opportunities identified by the Company.	Chapter 1, **A strategy of profitable and sustainable development, based on a diversified and integrated banking model**, page 11; Chapter 4, **Analytical approach to extra-financial risk factors**, page 273; Chapter 4, **Environmental risk terminology**, page 279; Chapter 4, **Incorporating climate risks in the risk management framework**, page 281.
(b) Describe the impact of climate-related risks and opportunities on the Company's activities, strategy and financial planning.	Chapter 4, **Managing ESG-related risks in the Group's activities**, page 274, Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319.
(c) Describe the resilience of the Company's strategy, taking into account the different climate scenarios, including the global warming scenario of no more than 2 °C.	Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319.
Risk management	
(a) Describe the processes implemented by the Company to identify and assess climate-related risks.	Chapter 4, **Risk appetite**, page 175; Chapter 4, **Analytical approach to extra-financial risk factors**, page 273, and Chapter 4, **Process and tools to identify and manage climate risk**, page 284.
(b) Describe the processes implemented by the Company to manage climate-related risks.	Chapter 4, **Environmental and Social (E&S) general principles and sector policies,** page 275, Chapter 4, **Process and tools to identify and manage climate risk**, page 284.
(c) Describe the way that the processes used to identify, assess and manage climate-related risks are incorporated into the Company's overall risk management framework.	Chapter 4, **Incorporating climate risks into the risk management framework**, page 281.
Metrics and objectives	
(a) Provide the metrics used by the Company to evaluate climate-related risks and opportunities in the context of its strategy and risk management processes.	Chapter 4, **Process and tools to identify and manage climate risk,** page 284; Chapter 5, **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319.
(b) Describe the scopes 1 and 2 and, where relevant, scope 3 greenhouse gas emissions and the related risks.	Chapter 5, **Managing the Group's carbon footprint**, page 307.
(c) Describe the objectives set as part of the management of climate-related risks and opportunities and the results obtained in relation to these objectives.	Chapter 2, **Drivers of positive transformation,** page 48 and **Acting as a responsible business,** page 52; Chapter 5, **Building a sustainable future**, page 314 **Aligning our activities with pathways consistent with a maximum temperature rise of 1.5°C**, page 319.

5.3 METHODOLOGY NOTE

This note presents the corporate social responsibility (CSR) reporting methodology used by Societe Generale. This methodology is also explained in detail in the Group's reporting protocols, available on request.

5.3.1 REPORTING PROTOCOLS

Information included in the Universal Registration Document (URD), the Responsibility section of the Group's website *(www.societegenerale.com/en)* and other Societe Generale communications, as well as the Group's Integrated Report in respect of financial year 2021 and previous years, has been prepared on the basis of contributions from the Group's internal network of CSR officers and in accordance with the CSR reporting protocols and CSR initiatives programme. Part of the quantitative and qualitative data was provided by the Planethic Reporting tool, used to standardise collection of information on management and monitoring indicators. Reporting is coordinated by the Group's CSR Department, which has reported to General Management since 1 January 2022 and in conjunction with the Finance Department.

The Group regularly organises programmes to bring contributors and managers on board and familiarise them with the reporting process and the tool, with a view to improving data reliability. The reporting protocols are updated on a regular basis. New protocols were drawn up in 2022 and include indicators designed to offer a more precise assessment of the extra-financial risk factors identified as being the most material to Societe Generale.

5.3.2 DATA COLLECTION

The following data collection methods were used for the reporting scope:

- for social, environmental and business data, the bulk of the quantitative indicators are collected by each Group entity using the Planethic Reporting tool. Data collectors enter their subsidiary's data, which are approved by validators who perform post-input checks, then by administrators who check and validate the data at core business level and lastly by cross-functional administrators (the Finance Department and the Sustainable Development Department) at Group level, who carry out the final checks prior to consolidation;
- the Group's Sustainable Development Department collects other data directly from the CSR officers for each core business or from the relevant division.

5.3.3 REPORTING PERIODS

Social, procurement, sponsorship and business data

Quantitative indicators are calculated for the period running from 1 January 2022 to 31 December 2022 (12 months), with data taken at 31 December 2022, unless otherwise specified.

Environmental data

Quantitative indicators are calculated for the period running from 1 October 2021 to 30 September 2022 (12 months), with data closed at 30 September 2022, unless otherwise specified.

5.3.4 CSR CONSOLIDATION SCOPE

The entities included in the reporting scope satisfy at least one of the following criteria:

1. entity in which the parent company, Societe Generale SA (SGSA), directly or indirectly holds a controlling interest of over 50%. By definition, all branches are wholly-owned, since there are no shareholders;
2. entities in which SGSA holds a controlling interest of at least 20% but less than 50% and over which SGPM has significant influence as regards management and financial policy; in particular, entities whose management team has been appointed by Societe Generale and whose activity is regularly monitored by the Group's core businesses.

The CSR consolidation scope included 150 companies within the Group's financial consolidation scope at 31 December 2022.

5.3.5 INDICATORS

An information campaign aimed at all contributors is rolled out at the start of the data collection period, providing the data collection schedule, a Group guideline and a protocol for each category of indicators. The protocols serve as a reminder of indicator definitions and application criteria.

The 2022 indicators were selected with a view to satisfying the legal and regulatory requirement for the Group to present a consolidated Declaration of Extra-Financial Performance (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code), and in light of the Group's CSR strategy.

For the most part, these indicators cover a global scope, or conversely will be otherwise specified in brackets or in this Methodology Note.

5.3.6 SCOPE AND RULES FOR CALCULATING EMPLOYMENT-RELATED INDICATORS

The workforce taken into account for all employment-related indicators (unless explicitly stated otherwise) corresponds to the total number of employees on either permanent or fixed-term contracts (including work-study contracts), regardless of whether they are present or on leave.

The frequency rate of occupational accidents is the ratio of the number of workplace accidents (as defined by local regulations) to the total number of hours worked (workforce present on either permanent or fixed-term contracts multiplied by the number of annual working hours in the entity) multiplied by 1,000,000.

The absenteeism rate is the ratio of the total number of paid days' leave (sick leave, parental leave or other types of leave, such as for bereavement, moving house, getting married, looking after a sick child, as well as any unjustified absence) to the total number of days paid, expressed as a percentage. It is counted in calendar days and calculated on the basis of the total headcount (workforce present multiplied by 365).

Data were collected on 117,576 employees. Societe Generale therefore estimates the coverage – i.e. where at least the data on occupants and surface area were provided – to be approximately 100% of the workforce.

5.3.7 SCOPE AND MAIN MANAGEMENT RULES FOR PROPRIETARY ENVIRONMENTAL INDICATORS

The scope corresponds to the CSR consolidation scope as defined above. Coverage of the total data collection scope corresponds to the ratio of the headcount of all entities that participated in the data collection campaign to the total Societe Generale headcount. Data were collected on 117,576 employees. Societe Generale therefore estimates the coverage – *i.e.* where at least the data on occupants and surface area were provided – to be approximately 99% of the workforce.

5.3.8 RESTATEMENT OF HISTORICAL DATA

In the interests of transparency and comparability of data, the emissions for the reference years and for 2019-2021 are given in the table of quantitative data published on the Group's corporate website.

Reported data for previous financial years do not correspond to data adjusted for changes in scope.

5.3.9 ENVIRONMENTAL DATA: GENERAL RULES

Environmental data are calculated on the basis of invoices, direct readings, information received from suppliers and estimates. The reported data is managed by means of the following checks and ratios:

- any variations in environmental indicators compared to the previous year are flagged and contributors receive alerts asking them to check the data recorded if the variation exceeds 30%;
- data collected on energy, office paper and transport are expressed in relation to the number of occupants declared by the entity;
- energy consumption (electricity, steam, chilled water, oil, gas) is also expressed in relation to the surface area (per m^2);

- with a view to continually improving data reliability, qualitative questions (requiring answers in the form of written comments) are used to identify the various data scopes and best practices, and to understand variations from year to year;
- with the exception of the Societe Generale France network, most subsidiaries consolidate their data in the Group's reporting tool. The Sustainable Development Department centralises the reporting of transport and paper consumption data for France based on data from the Sourcing Division.

The number of occupants covered corresponds to the average number of Societe Generale employees or subcontractors working on-site during the reporting period, as at 30 September 2022.

Coverage of the data collection scope for each indicator corresponds to the ratio of the headcount of all entities that provided data for the indicator in question to the total Societe Generale headcount.

Methodology changes.

In 2021, the Societe Generale Group decided to review its methodology for calculating its carbon footprint in connection with car travel:

- until 2020, the Group had calculated the resulting emissions based on the distance travelled, multiplied by an emissions factor for each country defined according to manufacturer's data on g/km of CO_2 emitted;
- this changed in 2021 and the calculation is now, wherever possible, based on the actual fuel consumption (in litres), multiplied by a single emissions factor for the specific type of fuel used (as provided by ADEME*). If the data needed to perform this calculation is not available, then the previous method (distance travelled multiplied by an emissions factor for each country defined according to manufacturer's data on g/km of CO_2 emitted) is used and an uplift applied.

	Unit of measure	Jan-Dec 2020	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022
			New method Car travel	New method Car travel	New method Car travel
CARB19C: CO_2 emissions due to business travel by car	tCO_2e	22,465	22,158	23,435	26,096

In 2022, Societe Generale decided to round out its carbon footprint calculation methodology in respect of energy consumption:

- until 2021, emissions were calculated using the location-based method of the GHG Protocol which reflects the average emissions intensity of the networks where the energy consumption takes place; and
- since 2022, emissions have also been calculated according to the market-based protocol method of the GHG Protocol based on specific data relating to a product or a supplier in the form of contractual instruments to measure specific emissions from renewal energies consumed.

The most appropriate, accurate, precise and highest-quality emission factors available must be used for each method.

5.3.10 CALCULATION OF GREENHOUSE GAS EMISSIONS

Calculation of the Group's greenhouse gas (GHG) emissions breaks down into three categories:

- Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases;
- Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water);
- Scope 3 covers GHG emissions from all office paper consumption, business travel, transport of goods, waste, and energy consumption of French data centres.

CO_2 emissions are calculated according to the GHG Protocol.

5.3.11 MAIN MANAGEMENT RULES FOR SPIF AND SPI INDICATORS

In order to support clients in their sustainable transformation initiatives, the Group has devised two measurement standards to follow up action plans:

- Sustainable and Positive Impact Finance (SPIF) to monitor credit and/or leasing activities, and/or to help customers develop their positive impact activities;
- Sustainable and Positive Investment (SPI) for wealth and asset management activities, including the structuring of products aimed at both institutional and individual investors.

5.3.11.1 Scope

Reporting of SPIF and SPI indicators began in 2018 and the scope has broadened to include relevant businesses and regions. The following methodology choices ensure consistency and reliability when filtering reporting results:

- annual production in loan volumes recorded in the Group's balance sheet or off-balance sheet, *i.e.* the SPIF indicator is based on the proportion borne by Societe Generale upon closing;
- annual production in investment products sold to clients;
- outstanding managed overall according to SPI criteria by Group entities;
- advisory activities, client services and/or hedging rates or exchange rates on SPIF and/or structured transactions with ESG indicators, designed to promote a sustainable and inclusive transition within the Societe Generale ecosystem, detailed separately from SPIF/SPI volumes (*e.g.* bond issuance mandates, custodian services, nominal hedging operations, etc.).

5.3.11.2 Sustainable and Positive Impact Finance (SPIF)

The SPIF framework is based on the three pillars of sustainable development (economic, environmental and social), basing its approach on various external frameworks defined by the European Investment Bank (EIB), the UNEP-FI and the European green taxonomy, which have been consolidated in:

- all financing referenced as Social and/or Environmental, involving assets, equipment, projects and/or activities with an environmental or social benefit; and
- respecting the E&S risk management framework (ESRM), which designates all the rules and procedures applicable within the Group, as well as the rules and procedures specific to each BU and SU, to identify and reduce risks of an Environmental and Social nature (for more information, see Chapter 4.13.3, Managing ESG-related risks in the Group's activities, page 275).

5.3.11.3 Sustainable and Positive Investment (SPI)

To be considered SPI-compliant, investment products must meet one of the following criteria:

1. structured products put together with an ESG selection (positive impact and/or exclusion) that filters at least 20% of the eligible investment universe;
2. investment products involving Articles 8 and 9 of the SFDR* regulation;
3. investment solutions for which Societe Generale commits to holding on its balance sheet an equivalent value in Positive Impact Finance assets or loans to counterparties with a high rating based on the ESG Research team's criteria (see structured notes or cash investment products for corporates);
4. products with a "solidarity" or "sharing" component, involving return-sharing or a donation, or risk-taking on the amount invested, of more than 20%.

NB: these guidelines have been developed by the Asset Management, Private Banking and Markets teams and by Societe Generale Assurances. They have been prepared with reference to existing market guidelines.

The advisory, proxy voting and ESG reporting services offered by Societe Generale Securities Services.

5.4 INDEPENDENT THIRD PARTY'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st December 2021 (hereafter referred to as the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereafter referred to as the "Information") prepared in accordance with the entity's procedures (hereafter referred to as the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:
The "ESG By Design" Program was launched in 2022 and is currently being rolled out throughout the Group. In particular, E&S risk management processes and their extension to the "governance" dimension have not yet been standardised across all BU/SU. In addition, data collection methods for the production of SPIF indicators were modified in 2022 and the framework for controlling and validating data should be reinforced.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy); and to
- implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax avoidance legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 (revised)[1].

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of eight people and took place between October 2022 and February 2023 on a total duration of intervention of about sixteen weeks.

We conducted about fifty interviews with the persons responsible for the preparation of the Statement, in charge of either the risk analysis, the definition and the implementation of the policies, the collection and the control of the information, or the writing of the texts published.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks;
- we assessed the suitability of the Guidelines with respect to their relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- we verified that the Statement includes each category of information provided in article L. 225-102-1 III regarding social and environmental matters, as well as the information provided in the second paragraph of article L. 22-10-36 of the French commercial Code regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II where relevant to the main risks and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French commercial Code;
- we verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation; including, if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, of which the key performance indicators associated with the main risks are part;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators selected, in accordance with the main risks and the policies presented, and
  - corroborate the qualitative information (actions and results) that we considered to be the most important (presented in the annex). For certain risks (the fight against corruption, tax evasion, and cybercrime as well as the protection of personal data), our work was carried out on the consolidation entity. For the other risks, our work was carried out on the consolidating entity and on a selection of Business Units (BUs) and Service Units (SUs)[1] listed hereafter: French Retail Banking, Crédit du Nord, International Banking Networks (Africa, Mediterranean Basin & Overseas, Networks and Europe), ALD Automotive, Client Relationships, Financing and Advisory Solutions, Financial Market Activities, Private Banking & Asset Management for Business Units; General Secretariat, Human Resources & Communication, Risks and Compliance for Service Units;
- we verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 of the French commercial Code, within the limitations set out in the Statement;
- we obtained an understanding of the internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important (presented in the annex), we implemented:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with supporting documents. This work was carried out with the contributing entities listed above and cover between 10% and 27% of consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of the entities included in consolidated scope.

We believe that the work we have carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Paris-La Défense, the 13 March 2023

French original signed by:

Independent third party	Caroline Delérable
EY & Associés	Partner, Sustainable Development

(1) The full list of BUs and SUs is available at www.societegenerale.com.

Annex: information considered as the most important

SOCIETAL AND BUSINESS INFORMATION	
Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
▪ Definition and deployment of voluntary commitments. ▪ Identification and management of E&S risks posed by transactions and clients. ▪ Approach for analysing and managing (direct and indirect) climate risks. ▪ Implementation of both approaches, Sustainable and Positive Impact Finance (SPIF) and Sustainable and Positive Investment (SPI).	▪ Number and new funding of transactions subject to an E&S review (10% of the new funding for the transactions reported in Corporate and Investment Banking, including 10% for the transactions under the Equator Principles scope). ▪ Total production in SPIF-compliant financing commitments (20% of new funding) and total SPI-compliant assets under management (27% of the assets).

SOCIAL INFORMATION	
Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
▪ Management of jobs and skills.	▪ Share of positions filled through internal mobility (26% of the workforce). ▪ Average number of hours of training per employee (26% of the workforce).

ENVIRONMENTAL INFORMATION	
Qualitative Information (Actions or results)	**Quantitative information** (Key performance indicators and coverage)
▪ General environmental policy.	▪ Carbon footprint (27% of the Group's GHG emissions) including review of GHG emissions (tCO2e) scope 1, 2 and 3 (scope 3 including paper consumption, business trips, freight transport, energy consumption of data centers hosted in France and waste production).

5.5 DUTY OF CARE PLAN

5.5.1 INTRODUCTION

Purpose

Societe Generale is subject to French legislation passed on 27 March 2017 on the duty of care for parent and subcontracting companies (the Duty of Care Act). The law requires the Group to prepare and implement a duty of care plan to identify risks and prevent serious breaches of human rights, fundamental freedoms, or damage to the health, safety and security of persons and the environment as a result of its activities. The plan must include risk mapping, measures to assess and mitigate the risk of serious breaches and monitoring of their implementation, as well as a whistleblowing system. This document sets out an overview of the main aspects of the Duty of Care Plan and includes the report on its effective implementation.

Even before duty of care legislation was introduced, Societe Generale voluntarily adopted procedures and tools to identify, assess and manage risks related to human rights, fundamental freedoms, health and safety and the environment as part of how it manages its human resources, supply chain and businesses. By implementing this legal obligation over the past five years, Societe Generale has benefited from the opportunity of clarifying and strengthening its existing framework as part of a continuous improvement process.

Scope of application

The Group bases its definition of serious violation on the reference texts. Risks related to human rights and fundamental freedoms, health and safety, identified based on reference texts such as the Universal Declaration of Human Rights (1948) and the International Labour Organization's fundamental conventions are: forced labour and slavery; child labour; respect for the rights of indigenous peoples, rights of ownership, discrimination, freedom of association, health and safety, decent working conditions, decent pay, decent social protection and the right to privacy. The standard reference document for identifying environmental risks is the Rio Declaration on Environment and Development (1992). They are climate change and air quality; preservation of water resources and their quality; responsible land use; preservation of natural resources; preservation of biodiversity and minimisation and treatment of waste.

This Duty of Care plan covers Societe Generale and consolidated companies over which Societe Generale exercises exclusive control[(1)], (hereinafter the "**Group**").

It is structured around three core themes:

- **Group employees:** aiming to prevent or mitigate the risk of serious violations in respect of human rights, fundamental freedoms or the health and safety of Societe Generale Group employees;
- **Group suppliers and subcontractors:** aiming to manage or mitigate the risk of serious breaches of human rights, fundamental freedoms, health, safety and security and the environment associated with the activities of the Group's suppliers and direct[(2)] (*i.e.* level 1) Group subcontractors;
- **Group activities pillar:** aiming to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment that are directly associated with the products and services provided by the Group.

Governance

The Duty of Care Plan was drawn up by the Sustainable Development Department, the Compliance Division, the Human Resources Department and the Sourcing Division, in association with the Legal Department and the Group Security Division.

The Plan and progress with implementing its measures are presented to General Management every year.

It is also included in the Management Report prepared by the Board of Directors and published in the Universal Registration Document.

Roll-out is coordinated by the Sustainable Development Department, the Human Resources Department, the Sourcing Division and the Compliance Division. The Business Units and Service Units are responsible for implementing the plan within their scope.

The Duty of Care Plan was devised in accordance with the principle of continuous improvement. How it evolves over time reflects the results of the risk mapping, regular assessments, developments in the Group's activities, new E&S commitments, and updates to the E&S risk management policies and tools.

(1) These are subsidiaries controlled directly or indirectly by Societe Generale, pursuant to Article L. 233-16-II of the French Commercial Code.

(2) Suppliers and subcontractors with whom the various Group companies maintain an "established commercial relationship", i.e. a direct, ongoing and stable commercial relationship (in accordance with the definition developed by French case law).

5.5.2 IDENTIFYING AND PRIORITISING E&S RISKS: MAPPING INHERENT ENVIRONMENTAL AND SOCIAL RISKS

A number of years ago, Societe Generale first began identifying the risks of breaches of human rights, fundamental freedoms, health, safety and security and the environment that are inherent it its activities (referred to as **inherent E&S risks**[(1)]). This identification process, which served as the basis for the Group's existing E&S risk management tools and procedures, was completed by mapping the inherent E&S risks for each of the three core themes.

These risks were identified, assessed and then ranked based on both sector and geographic data. The assessments used information from recognised external databases[(2)] as well as internal experts.

Relations with employees

Societe Generale operates in 66 countries and the Human Resources Department sees the local context as critical to both the analysis of intrinsic risks and the policies and measures implemented to prevent them. The Group assesses exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its host countries to identify where and how operations are at risk and gain deeper insights into local issues.

Any failure by the Group to live up to its commitments to address discrimination and inequality, offer fair and decent pay, ensure social protection, protect health and safety, or infringement of the right to freedom of association or collective bargaining could be detrimental to the Group's employees, impact on its ability to continue as a going concern, and carry legal and reputational risks for the Group.

Mapping of inherent risks was updated in 2022[(3)] using an external[(4)] database of indicators, which is reviewed annually, detailing the risk levels specific to the country and to financial sector activities.

The methodology for risk mapping is structured around the following parameters:

- country the Societe Generale entity operates in;
- entity's sector of activity;
- entity's share of the Group's workforce.

For each subject area assessed, the following results present the proportion of the Group's workforce operating in countries considered to have a high, medium-high, moderate and low level of inherent risk.

RESULTS

Risk exposure	Low	Moderate	Average	High
Freedom of association and collective bargaining rights	67.95% of the workforce	31.8% of the workforce	0.25% of the workforce	None
Discrimination	66.8% of the workforce	33.1% of the workforce	0.1% of the workforce	None
Health and safety[(1)]	69.3% of the workforce	21.2% of the workforce	9.5% of the workforce	None
Working conditions[(2)]	57.4% of the workforce	32% of the workforce	10.6% of the workforce	None

(1) The figures given here do not take Covid-19 health risks into account. They are not included in the data used. Employees are exposed to Covid-19 health risks in all the Group's countries of operation, and the Group has put measures in place to contain these risks in the workplace.

(2) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

With regard to freedom of association and collective bargaining, countries of operation with a medium-high risk for the banking sector are: Equatorial Guinea and the United Arab Emirates.

The Group's moderate-risk countries of operation are: Algeria, Benin, Brazil, Bulgaria, Cameroon, Chile, China, Colombia, Congo, Côte d'Ivoire, Ghana, Guinea, Hong Kong, Hungary, India, Lithuania, Madagascar, Mexico, Morocco, Peru, Poland, Romania, Senegal, Serbia, Singapore, South Korea, Taiwan, Chad, Tunisia, Turkey and the US.

Following on from the global agreement on fundamental rights signed with UNI Global Union, Societe Generale again dived deeper into the data for additional analytics, using the ITUC Index developed by the International Trade Union Confederation, which is based on intelligence provided from local trade unions in 148 countries.

Looking primarily at freedom of association and collective bargaining, by way of comparison, according to the ITUC Index, which covers all sectors, including the financial sector, the risk spread for the Group's workforce is follows: 63.2% in countries considered to be low to medium risk, 7.6% in medium-high risk countries and 26.6% in high-risk countries (the US is classed as a high-risk country by the ITUC index). The differences that emerged in 2021 between the results based on the ITUC and the Verisk Maplecroft – Financial Sector indices were examined with UNI Global Union throughout 2022. Under the agreement with UNI Global Union, which is due to be renegotiated in 2023, the review could be postponed.

(1) A distinction is made between inherent and residual risks. The latter are obtained after taking account of applying the measures to avoid the risks or mitigate their consequences.

(2) For the HR, Safety & Security and Activities pillars: Verisk Maplecroft and RepRisk; for the Sourcing pillar: Transparency International, the World Bank Group, the ILO and UNICEF.

(3) Ukraine was not included in this analysis due to the ongoing conflict. Given the circumstances and risks stemming from the war, the Group has taken full responsibility for its employees in Ukraine, beyond mapping HR risks under the Duty of Care plan.

(4) Verisk Maplecroft FY2022.

In terms of discrimination, Turkey is the medium-high risk country for the banking sector in which the Group has a presence.

The Group's moderate-risk countries of operation are: Algeria, Benin, Brazil, Bulgaria, Burkina Faso, Cameroon, Chad, China, Colombia, Congo, Côte d'Ivoire, Ghana, Guinea, Equatorial Guinea, Greece, Hungary, India, Italy, Japan, Madagascar, Morocco, Mexico, Peru, Poland, Romania, Senegal, Serbia, Singapore, South Korea, Tunisia, the United Arab Emirates and the US.

Turning to health and safety, the Group is present in the following countries classified as a medium-high risk for the banking sector: Benin, Guinea and India.

The Group's moderate-risk countries of operation are: Algeria, Brazil, Bulgaria, Burkina Faso, Cameroon, Chile, China, Colombia, Congo, Côte d'Ivoire, the United Arab Emirates, the US, Ghana, Equatorial Guinea, Madagascar, Morocco, Mexico, Peru, Romania, Senegal, Singapore, Chad, Tunisia and Turkey.

Regarding working conditions, the Group's countries of operation with a medium-high risk for the banking sector are Benin, Cameroon, Chad, China, Congo, Guinea, India and the United Arab Emirates.

The Group's moderate-risk countries of operation are: Algeria, Brazil, Bulgaria, Burkina Faso, Chile, Colombia, the Czech Republic, Côte d'Ivoire, Ghana, Greece, Equatorial Guinea, Hong Kong, Hungary, Italy, Japan, Madagascar, Morocco, Mexico, Peru, Poland, Romania, Senegal, Serbia, Singapore, South Korea, Spain, Sweden, Taiwan, Tunisia, Turkey and the US.

Relations with suppliers and subcontractors

Inherent E&S risk mapping for sourcing was based on the main purchasing categories for the banking sector (from a classification including more than 150 sourcing sub-categories in total). The risk level assessment for each purchasing category took in three main areas: business practices and ethics, the environment, human rights and employment conditions. Contextual factors were also built into the risk assessment for the purchasing category: supply chain characteristics (complexity, including the number of actors and distance from the intermediaries to the end purchaser) and labour intensity.

E&S risks specific to purchasing categories were mapped in conjunction with three other French banks in 2018, with the support of a specialised consulting firm. The mapping was subsequently updated and supplemented within the Group.

The inherent E&S risk levels of each purchasing category were then cross-referenced with the corresponding expenditure amounts per category to identify the share of Group purchases in medium-high and high-risk categories.

Results: for the scope analysed by the Sourcing Division (Sourcing Division France and local sourcing teams), around 5.5% of the spend was on purchasing categories representing a high E&S risk, and around 9% on purchasing categories representing a medium-high E&S risk.

Amongst the high-risk purchasing categories, building work was found to bear the greatest risk (renovations and outfitting but also construction of new buildings), together with waste management and telephone and IT equipment.

Group activities

Societe Generale provides financial products and services to customers in many sectors, and some may expose it to E&S risks. At Societe Generale, we know that everything is linked: people and society, climate, ecosystems and biodiversity. The Group takes a science-based approach, informed by the latest developments in economic and social sciences. In December 2021, the Group identified and ranked E&S risks for each sector and region, based on external sources (including information on reputation and controversies) and on expert opinion.

It then cross-referenced the risk ratings obtained with the Group's activity data using the Group's identified exposure to E&S risk in the sectors most prone to this category of risk.

The risk management framework includes mitigation measures, including sector policies, in line with the more in-depth due diligence required for products and services directly associated with the most exposed activities and regions.

Results: the industries most vulnerable to E&S risks are energy (fossil fuels and electricity generation), transport and logistics (especially automotive and aerospace), agriculture, especially upstream (although risk has decreased dramatically in the soya business), industry, construction, chemicals, mining, forestry, textiles and defence.

The main risks identified in these sectors include higher climate risks, erosion of biodiversity, risks related to working conditions (including workplace accidents), risks of forced labour and child labour, and the risk of breaching community rights.

Approximately 25% of the Group's exposure[1] at the end of 2021 related to sectors that were found to present high risks in terms of human rights and the environment. Once geography is taken into account (*i.e.* mainly the quality of local E&S regulations), less than 10% of the Group's business as measured in terms of sector exposure is conducted in sectors or countries found to present E&S risks.

(1) Corporate exposures.

5.5.3 REGULAR E&S RISK ASSESSMENT PROCEDURES AND RISK PREVENTION AND MITIGATING MEASURES

The aim of the Duty of Care Plan is to provide an appropriate framework for managing E&S risks. In other words, it should cover the main risks pinpointed by the risk mapping exercise and be correctly deployed in the Group. Accordingly, the Group regularly reviews its E&S risk management framework to identify risks of serious violations that may not be adequately covered by the existing framework and to step up prevention and mitigation measures.

Relations with employees

The Group's assessment and prevention model is underpinned by a set of operational processes and systems, which are constantly updated to meet continuous improvement goals.

The Group defines specific guidelines for human rights and freedom of association issues, as well as a set of HR policies applicable to the entire Group, which are then implemented by the Business Units and Service Units:

- **normative documentation** that sets out all the operating and organisational rules (the Societe Generale Code);
- **a Code of Conduct** that applies to all of the Group's activities worldwide: it promotes respect for human rights, sets out the standards to meet and the commitments to all stakeholders;
- **policies and procedures to promote human rights:**
  - **social dialogue and freedom of association:** through local personnel representative bodies, where they exist, in the entities, countries and in the European Works Council. It also revolves around local trade unions, where applicable, and reflects the global context, *i.e.* where the agreement with UNI Global Union applies. Talks took place over 2022 with the UNI Global Union as part of the process of renegotiating the agreement for 2023 and future years. The agreement covers the Group's entire workforce and is founded on the application of commitments, notably the right to freedom of association and collective bargaining, as well as on the issues listed below. Societe Generale holds regular discussions with UNI Global Union,
  - **discrimination**: Societe Generale demonstrates its resolve to recognise and promote all talents through its Group-wide Diversity and Inclusion policy. The Group is committed to creating the conditions of an inclusive organisation in all its HR processes and entities, and prohibits all forms of discrimination. A Diversity and Inclusion Committee, with members from the BU and SU Management Committees, sets the goal and priorities and oversees progress towards achieving them. The Group has set bold and ambitious targets to promote more women to senior management positions,
  - **health, wellbeing and workplace conditions:** the Group's Health policy is implemented by the entities working with local support teams (HR, logistics managers, occupational health, etc.). Each Group subsidiary defines a level of supplementary health cover depending on the compulsory scheme in its country and with a level of protection at least comparable to local market practices. Moreover, since 2019 the Group has been working to ensure a minimum level of social, health and welfare protection for all its employees worldwide. To date, nine out of ten employees benefit from a supplementary company health or personal protection. A new agreement was signed in France between the Human Resources Department and the trade unions (in November 2022) on wellbeing and workplace conditions. It is intended to further improve working conditions and prevent occupational risks, paying particular attention to preventing psychosocial risks,
  - **safety and security:** the safety of people and property on Societe Generale premises is supervised by the Group Security Division within the General Secretariat. Local teams are responsible for implementing policies to protect people, property and intangible assets. These teams aim to tighten the Group's safety culture, disseminate policies and measures to make its activities safer, and coordinate relations with national, European and international public safety authorities. They were also instrumental in organising the Group's measures to protect employees during the pandemic,
  - **working conditions:** the Group has set the minimum age for employment at 16. Group entities are required to check the age of all new employees at the hiring stage. All forms of forced labour are prohibited. Societe Generale also strives to offer attractive and fair remuneration to nurture employee loyalty and boost the Group's performance over the long term. The compensation policy is based on principles of non-discrimination and other principles shared by all. It is then adjusted to the businesses and geographic areas in which the Group operates, taking into account market practices and contexts;
- **given the major changes in the Company and in ways of working, tailored measures to protect employee health and guide them through these changes have been introduced** (see: "Listening to and supporting employees in a changing work environment", page 298, Chapter 5 of the Universal Registration Document);
- these are backed by **ensuring that everyone knows the rules and teams are trained** in all our host countries. Societe Generale's training offer primarily targets the Risk and Compliance culture (including training in the Code of Conduct, ethics and E&S responsibility). The Group also offers training courses specific to each business line or function, thereby limiting operational risks and maintaining employee skills.

Further information on what the Group is doing in this area is available in the Group's Declaration of Non-Financial Performance (DNFP) (see "Being a responsible employer" in Chapter 5, page 293 of the Universal Registration Document).

Relations with suppliers and subcontractors

The Group's normative documentation governs E&S risk management in terms of Sourcing and supplier relationship management.

Operational implementation of the normative documentation and management of E&S risks at all stages of the sourcing process are based on a set of tools to identify, assess and manage E&S risks at a granular level: product or service and supplier or service provider. These tools are used for purchases made by the Group Sourcing Division and at least for high-risk categories in the Sourcing function in other countries. They are being phased in across the Group. To support effective implementation of these E&S risk management measures in purchasing, dedicated training has been provided to all professional buyers. In addition, to make sure occasional buyers are mindful of what is at stake, a "motion design" video presents the Group's sustainable sourcing programme.

To identify and assess risks, the Sourcing Division draws primarily on:

- E&S risk mapping for the various purchasing categories to identify the E&S risk category for the category in question;
- inclusion of E&S criteria in calls for tender involving purchasing categories ranked as medium-high or high E&S risk;
- inclusion of E&S criteria in the KYS (Know Your Supplier) assessment for shortlisted suppliers, including verifying compliance with the E&S exclusion list;
- non-financial assessment of certain "targeted"(1) suppliers by independent third parties;
- review of controversies.

Managing and mitigating risks involves:

- including E&S criteria in calls for tender covering the main risks for the category of purchases identified in the risk mapping, for categories with a medium-high or high E&S risk;
- weighting E&S criteria according to the degree of E&S risk represented by the purchasing category in question, according to the rating criteria for service or product bids;
- inclusion of a CSR clause into contracts that impose a binding commitment to abide by the Group's Sustainable Sourcing Charter and Code of Conduct, as well as a reference to the right to audit (to perform E&S audits if necessary) and a request for non-financial assessment of "targeted" suppliers;
- if E&S performance falls short:
  - encouraging remedial action plans,
  - option to conduct on-site E&S audits,
  - review of E&S controversies or changes in non-financial ratings.

In May 2020, the Sourcing Division strengthened the measures it had put in place in 2016 to manage the risks of corruption and reputation damage related to the suppliers it monitors, extending the KYS process to all suppliers representing significant sums or sensitive purchases for the Group. It now systematically conducts the process at the beginning of the business relationship as well as periodically over the contract's term, in line with the supplier's risk level.

Since the end of 2021, and for procurement overseen by the Sourcing Division, the E&S risk management system has covered all calls for tender in purchasing categories representing a medium-high or high E&S risk. For calls for tenders managed by the Sourcing Function in the international market for all high-risk E&S categories, suppliers must meet the Group's E&S requirements. E&S evaluation criteria are included in the bid analysis matrix.

The E&S risk management tools for procurement not overseen by the Sourcing Division have been simplified and made available for high E&S risk categories.

Two E&S supplier audits were performed in 2022 jointly by an independent external firm and a Group peer in the banking sector covering a medium-high E&S risk category. Working with the independent firm, two questionnaires were prepared for new E&S supplier audits in 2023 covering two new categories of risk.

Lastly, in 2022, the Sourcing Division also worked on improving how it identifies whether a supplier represents a potential source of E&S controversy. Using a dedicated tool designed to identify and assess controversies, it monitors a targeted scope of approximately 600 suppliers and/or suppliers assessed as posing a medium or high E&S risk in France, and a high E&S risk in its international network.

Group activities

Societe Generale must comply with a set of regulations (anti-money laundering regulations, compliance with embargoes, legislation on personal data protection and on transparency, the fight against corruption and on the modernisation of the economy, etc.) that constitute the foundation of its risk management framework.

In addition to these regulatory requirements, the Group also has a climate strategy structured around three core priorities: managing the risks associated with climate change, proactively managing its climate impacts, and supporting clients on a path to a greener future, specifically by devising appropriate advisory and financing solutions.

To do this, it set up a **voluntary framework to manage the E&S risks stemming from its businesses, undergirded by:**

- **Defining the E&S standards the Group intends to apply to its banking and financing activities.**

  These are formally laid out in the Environmental and Social General Principles(2) and applied through the sector policies covering sectors deemed potentially sensitive from an environmental, social or ethical point of view. Sector policies have a twofold purpose: to limit the direct potential adverse environmental and social impacts of the Group's activities, while also helping to promote client transactions that have a positive impact on sustainable development. They set out the main risks of infringing human rights or causing damage to the environment facing the sector concerned and specify the criteria used to assess clients or transactions with operators in these specific sectors.

  Please see the Societe Generale website for the sector policies listed below:

  - industrial agriculture and forestry(3) (including criteria applicable to clients and dedicated transactions, especially as regards deforestation),

(1) Suppliers accounting for large purchase volumes at Group level or directly representing the brand.
(2) The Environmental and Social General Principles describe the main aspects of the E&S Risk Management System (ESRM System) and how it is implemented in the Group's operations.
(3) https://www.societegenerale.com/sites/default/files/documents/CSR/Industrial-agriculture-and-forestry-sector-policy.pdf

- dams and hydroelectric power[1] (exclusions on financing the construction or expansion of hydroelectric plants with pondage in sensitive sites),
- thermal power stations[2],
- thermal coal[3] (including the commitment to reduce exposure to the thermal coal sector to zero by 2030 for EU and OECD countries and by 2040 for the rest of the world),
- defence[4] (exclusion list encompassing all activities linked to controversial weapons: anti-personnel mines, cluster bombs, depleted uranium weapons, chemical, biological and nuclear weapons – non NPT countries),
- mines[5] (exclusions apply to dedicated financing for mining of asbestos and metallurgic-grade coal),
- shipping[6] (financing exclusions include non-double hull tankers; vessels for the shipment of Arctic oil, oil sands and coal),
- civil nuclear power[7],
- oil and gas[8] (setting out the policy on excluding financing of non-conventional hydrocarbons);

- **alignment targets for the most carbon-intensive sectors:**

  As a founding member of the UNEP-FI Net-Zero Banking Alliance in 2021, the Group has undertaken to align its lending and investment portfolios with trajectories to achieve carbon neutrality by 2050 in sectors that emit the most greenhouse gases. The objective is to limit the Earth's warming to 1.5°C. Sections VI and VII of the Duty of Care Plan give more detail on what the Group has achieved so far;

- **Group normative documentation largely transposed into operating procedures:**

  The Group's normative documentation was updated in 2019 to include information relative to E&S risk management processes and the measures introduced to prevent these risks, especially who does what in the management of each of these areas. In 2022, most of the Business Units continued to gradually introduce E&S risk management into their operational processes, strengthened their centres of E&S expertise, and conducted specific training for teams working in sales, the Risk Division and the Compliance Division;

- **in-house tools to identify and assess risks:**

  Provided within the Group and updated at least every six months, these tools include:

  - an E&S watch list of projects, companies or sectors/countries that represent high E&S risk, designed to trigger a more in-depth due diligence on such sectors, projects or companies,
  - an E&S exclusion list.

The E&S risk assessment procedures and risk control systems are described in more detail in the Universal Registration Document (see page 276).

5.5.4 WHISTLEBLOWING PROCEDURE

Under the Duty of Care Act and as the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, (known as the Sapin II Act), a whistleblowing mechanism is compulsory. To comply with both these laws, a Group-wide whistleblowing system was introduced in 2019 in addition to existing measures. The French representative trade unions were consulted and the system proposed was presented to and discussed with French and European bodies before being introduced. The policy is now available at *www.societegenerale.com* and on the Societe Generale Group's Intranet. It has been rolled out in France and other countries and is available in 13 languages. This is in addition to going through the managerial channel and direct referral *via* the Chief Compliance Officer, to whom the issue can be reported as a first point of contact.

Whistleblowers can use the system to report any suspected, potential or actual serious and clear violations of an international commitment, a law or a regulation; in respect of human rights, fundamental freedoms, health and safety or the environment; and regarding behaviour or a situation that runs counter to the Group's Code of Conduct. The system is available to all employees, as well as to external contractors, temporary staff and service providers working with the Group on an established basis. It is hosted on a secure external platform offering the guarantees required by the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, namely protection of personal data and strict confidentiality (to protect the whistleblower's identity) of any information provided.

Whistleblowing is a right and no employee will be sanctioned in any way whatsoever for having made disclosures in good faith.

The Group's Code of Conduct explains how to use the whistleblowing system (see "A Code of Conduct underpinned by shared values", page 279 of the Universal Registration Document).

(1) https://www.societegenerale.com/sites/default/files/documents/CSR/dams_hydropower_sector_policy.pdf.
(2) https://www.societegenerale.com/sites/default/files/documents/CSR/thermal-power-sector-policy.pdf.
(3) https://www.societegenerale.com/sites/default/files/documents/CSR/thermal-coal-sector-policy.pdf.
(4) https://www.societegenerale.com/sites/default/files/documents/2020-10/Sector%20policy%20Defence%20and%20Security%202020.pdf.
(5) https://www.societegenerale.com/sites/default/files/documents/CSR/mining-sector-policy.pdf.
(6) https://www.societegenerale.com/sites/default/files/documents/CSR/shipping_sector_policy.pdf.
(7) https://www.societegenerale.com/sites/default/files/documents/2020-10/civil_nuclear_power_sector_policy.pdf.
(8) https://www.societegenerale.com/sites/default/files/documents/CSR/Oil-Gas-sector-policy.pdf.

5.5.5 MONITORING OF DUTY OF CARE MEASURES

Societe Generale has developed management and reporting tools to comply with its extra-financial reporting obligations and monitor implementation of its E&S risk management processes. These tools provide the Human Resources Department, Security Division, Sourcing Division and Sustainable Development Department with key extra-financial performance indicators. A common extra-financial reporting system is in place throughout the Group and supplies the data needed for reporting (Chapter 5 of the Universal Registration Document) and for the Duty of Care Plan.

Duty of care measures are also monitored by means of internal self-assessment exercises, to:

- monitor how E&S risk management processes are applied in Business Units, Service Units and further down the chain (at individual legal entity level);
- identify areas for improvement and monitor the ensuing action plans; and
- leverage additional indicators for monitoring the measures taken by the Group.

Relations with employees

THE GROUP HAS A SET OF CONTROLS TO ASSESS MONITORING OF APPLICABLE RULES.

How well it manages its risks determines the Bank's ability to achieve its HR risk prevention goals. Therefore, which control systems it uses, and how they are determined and monitored all play a crucial role in the Company's performance.

For the sake of efficiency, the Group provides all its entities with normative documentation specific to the nature of the activities and taking into account all types of risk, including HR risks. This documentation is updated, disseminated, and accessible.

The HR Department and its local teams are also covered by the Group's risk management and permanent control systems, including:

- **a set of controls on key HR processes** deployed throughout the Group;
- **business continuity** plans and crisis exercises;
- **periodic controls** by the Audit and Inspection teams.

THE GROUP CONDUCTS SELF-ASSESSMENT EXERCISES TO ASSESS RISK MITIGATION MEASURES.

Every year the Group asks all entities with more than 50 employees to contribute to two self-assessment exercises:

- the first is on hedging operational risk (Risk control self-assessment); in 2022, entities were asked to emphasise major residual risks, Culture & Conduct, recruitment, psychosocial risks, occupational health risks and emerging risks;
- the second is specific to how Group entities exercise their duty of care. It is based on a questionnaire (Planethic Reporting) that covers how local policies and processes are implemented, as well as checks performed on all the topics presented in the Universal Registration Document, "Being a responsible employer" on page 293. The Human Resources Department governs and consolidates these data.

THE GROUP ASSESSES THE SATISFACTION AND WELL-BEING OF ITS EMPLOYEES.

In addition to these measures, the Group gauges employee engagement and gathers direct feedback on working conditions through the Employee Satisfaction Survey, an anonymous internal survey carried out throughout the Group every year. The 2022 survey set out to gain insights on engagement, Culture & Conduct, wellbeing in the workplace, work organisation and efficiency, inclusion and CSR. The results, shared with employees, help to take the pulse of our workforce and their expectations and to read the labour relations climate. Based on the survey findings, action plans are implemented in every BU and SU where necessary to continuously improve employees' daily working conditions. The action plans are then submitted to the Board of Directors of Societe Generale. This approach means the Group can also monitor how familiar employees are with the whistleblowing system and how much they trust it.

THE GROUP MAINTAINS ACTIVE DIALOGUE WITH EMPLOYEES AND THEIR REPRESENTATIVES.

Societe Generale has signed a global agreement on fundamental rights with the UNI Global Union. Under this agreement, it organises discussions between the representatives of its HRD and UNI Global Union, both at corporate and local level in some countries to make sure that the duty of care is front and centre in structuring social dialogue in the Group.

Relations with suppliers and subcontractors

The Sourcing Division tracks E&S risk indicators on suppliers and calls for tender on a quarterly basis. For procurement overseen by the Sourcing Division:

- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). These tool sheets are designed to help the Sourcing Division's buyers ask CSR questions or impose CSR requirements in respect of identified risks in the context of calls for tender;
- 99.3% of calls for tender in high E&S risk categories included CSR criteria;
- 87% of a targeted scope of suppliers under contract had an updated extra-financial assessment;
- a tool to help tackle controversies involving companies suspected of using forced labour in their supply chains was also developed;
- at 31 December 2022, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training, as defined in the Group's normative documentation and in E&S risk management tools applicable to sourcing.

Group activities

The Group continued to implement procedures and controls aimed at managing E&S risks in its activities,

Conducted in 2022, the Compliance Risk Assessment exercise looked in detail at E&S risks in 193 Group entities. It provided the Group with more granular information over a wider scope on implementation of its E&S risk management frameworks and insights to define what actions are needed to improve performance.

These internal management tools have made it possible to assess:

- familiarity with the normative framework for managing E&S risks in the Group (E&S policies, E&S watch list, E&S exclusion list) and their transposition into the Business Units' own procedures;
- Business Units with the highest exposure that implemented particular procedures (transposing the Societe Generale Code) with respect to the E&S risk management system;
- implementation of Group procedures and associated controls, as part of the Group's permanent control system;
- human resources and skills devoted to E&S risk management;
- governance framework to address complex E&S issues at local level, before escalation to Group level;
- number of people trained in managing E&S and climate risks;
- number of customers and transactions that pose an E&S risk that were the subject of an in-depth E&S due diligence, as well as the main findings of these reviews.

5.5.6 REPORT ON EFFECTIVE IMPLEMENTATION OF THE DUTY OF CARE MEASURES

Since publication of the Duty of Care Act, the Group has continued to strengthen and implement its E&S risk management framework concerning its employees, suppliers and subcontractors and its activities. Measures in 2022 centred on these three areas.

Employees

Main achievements in 2022:

- awareness training for HR staff on why duty of care matters;
- stricter preventive measures for psychosocial risks, especially in areas concerned by transformation projects (VISION 2525 merger project);
- all staff were made aware of why data security is important through a compulsory e-learning module, an information campaign and various in-house events;
- the Group also continued the initiative to propose workplace layouts that would facilitate remote working while seeking to balance the Company's operational needs and employee expectations;
- training and information for all employees in how to prevent inappropriate behaviour;
- training and information on non-discrimination was stepped up with training sessions for the Group's ambassadors, HR recruiters and communication officers, as well as monthly talks available to all staff;
- during the review of the intrinsic risk mapping in the 2021 Duty of Care Plan, published in 2022, Societe Generale and UNI Global Union agreed to perform a more granular analysis of the residual risks identified for three countries: Côte d'Ivoire, Morocco and Romania. The entity HR Divisions kicked off *ad hoc* discussions with trade unions and/or personnel representatives in the three entities.[1] Locally, these talks provided the opportunity to cultivate social dialogue in these entities, to discuss ideas and encourage buy-in of the duty of care plan.

In Ukraine, the Group gave immediate priority and mobilised to protect the employees of its subsidiary. To keep them safe, it organised help and support for transport, accommodation and healthcare.

Results: the 2022 evaluation of what the Group is doing to implement duty of care and risk mitigation measures in countries exposed to medium-high or moderate inherent E&S risk pointed to the following residual E&S risks:

Risks	Workforce exposure level
Freedom of association and collective bargaining rights	Entities that need to pay special attention to requests for employee representation systems employ **3.6%** of the workforce.
Discrimination	Entities that need to have official policies and strengthen checks to ensure that HR processes are non-discriminatory employ **0.8%** of the workforce
Health and safety	Entities that need to have official policies and strengthen their checks on workplace health and safety employ **5.9%** of the workforce
Working conditions[1]	Entities that need to have official policies and strengthen their checks to ensure that working conditions meet International Labour Organization standards employ **1.5%** of the workforce.

(1) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

Looking at freedom of association and collective bargaining, countries in which some Group entities need to take particular care in the event of requests for information on this topic are: Bulgaria, China, Colombia, Hong Kong, India, Lithuania, Poland, Romania, Serbia, Singapore, Turkey, the United Arab Emirates and the US.

On discrimination, the countries in which some Group entities need to have official policies and strengthen their checks to make sure that HR processes are not discriminatory are: Algeria, Cameroon and Poland.

(1) The three entities concerned are Societe Generale Maroc, BRD in Romania and Societe Generale Côte d'Ivoire.

On health and safety, countries in which some Group entities need to have official policies and strengthen their checks are: Algeria, Bulgaria, Chad, Congo, Morocco, Romania and the United Arab Emirates.

As for working conditions, countries in which some Group entities need to have official policies and strengthen their checks to ensure that working conditions meet International Labour Organization standards are: Algeria, Benin, Bulgaria, Chad, Colombia, Czech Republic, Hungary, India, Poland, Sweden, and the United Arab Emirates.

The 2022 self-assessment exercise was performed in entities representing 100% of the Group's headcount.

Suppliers and subcontractors

Main achievements in 2022:

- review of 20 tool sheets and creation of three new tool sheets, including E&S requirements and criteria for all E&S risk categories;
- training provided to the Sourcing Function in all tools;
- updating the responsible sourcing training materials for purchases not managed by the Sourcing Division, as well as training provided to a BU that sources directly;
- monitoring of action plans based on the E&S audits in 2020;
- two supplier CSR audits on a medium-high risk category of purchases;
- improving how it identifies whether a supplier represents a potential source of E&S controversy. Using a dedicated tool designed to identify and assess ESG controversies, it monitors a targeted scope of more than 600 suppliers and/or suppliers assessed as posing a medium or high E&S risk in France, and a high E&S risk in its international network;
- drafting and implementing an escalation procedure covering the scope of procurement overseen by the Sourcing Division, which aims to inform and aid decision-making on actions to be implemented when material controversies are identified involving the Group's suppliers.

Results: for procurement overseen by the Sourcing Division:

- for the scope analysed by the Sourcing Division (Sourcing Division France and local sourcing teams), around 5.5% of the spend was on purchasing categories representing a high E&S risk, and around 9% on purchasing categories representing a medium-high E&S risk. Building work (1% of Group spending) emerged as the highest risk category;
- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). To meet specific challenges, 50 or so additional CSR tool sheets cover other purchasing categories;
- 99.3% of calls for tender in high E&S risk categories included CSR criteria;
- at 31 December 2022, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training.

Group activities

Main achievements in 2022:

- **strengthening how E&S risk management is organised:**
  - definition of a procedure to identify serious controversies stemming from environmental and social issues,
  - creation of an internal process to identify and assess clients and dedicated transactions suspected of using or involving forced labour, in particular through the provision of an internal list. Definition and implementation of this process is set to continue in 2023,
  - continued controls on management of E&S risks were included in the permanent supervision system;
- **developing and applying sector policies:**
  - of a tool to help identify companies whose main activity is covered by a sector policy to strengthen operational security in the application of these policies,
  - the Group's "Industrial agriculture and forestry" sector policy (section 5.3) includes a commitment to start dialogue with corporate clients active in the soya and cattle sectors in South America and in the palm oil industry (producers, traders and primary processors):
    - this process of dialogue, which culminated in a review of the relevant clients to assess their alignment with the sector policy criteria on combating deforestation is due to be applied as of January 2023,
    - to continue to provide financial products and services after January 2023, the Group verified that these clients have undertaken to (i) eliminate deforestation and land conversion from their activities (for their own operations and across their supply chains), and (ii) set a target of 100% traceability in their value chains, reporting annually to the Group on progress towards meeting this goal. This has already led to the Group ruling out the supply of new products and services to a number of clients;
- **bolder alignment goals:**

  The Group has set even more ambitious targets for alignment with the goals of the Paris Agreement:

  - new reduction target for the carbon intensity of its exposure to the **power generation sector**: CO_2 emissions intensity target of 125g of CO_2 per kWh by 2030 (a reduction *vs.* 163g of CO_2/kWh in 2030 previously),
  - new reduction target for absolute carbon emissions related to **end use of oil and gas production**: -30% by 2030 (from the reference year of 2019),
  - amounts outstanding: a 25% reduction in exposure to the oil and gas production sector by 2025 *vs.* 2019 (from the previous target of -10%);

- **developing training resources:**
  - e-learning module on E&S risk management. Training had been made compulsory for staff in direct or indirect contact with corporate clients and is now available as an optional module for all staff; The module covers the scope, governance and main stages in managing E&S risks: identifying and assessing risk and ensuing action plans,
  - e-learning module on sustainable investment, covering the requirements and obligations arising from the European Union's sustainable investment regulations (SFDR, SFDR-related articles in the Taxonomy regulation, transparency requirements for financial product and more). This training was compulsory for more than 30,000 employees,
  - all employees were offered free-to-access online training on E&S topics. The Business Units and Service Units organised workshops to develop skills in these areas,
  - 7,500 Group employees had attended Climate Fresco training at end-2022,
  - workshops on sector policies were also held;
- **assessment:**

  As mentioned in section V, the Compliance Division conducted a new risk identification and assessment exercise (Compliance Risk Assessment) in 2022 in the form of 20 questions addressed to the Business Units and Service Units. They concentrated specifically on their systems for managing environmental and social risks and their monitoring metrics:
  - a 100% of the Group's Business Units have correspondents or people dedicated to E&S risk management,
  - 83% of the entities included in the Compliance Risk Assessment conducted in 2022 check the exclusion and E&S identification lists during the new corporate client onboarding process and during client reviews,
  - a 100% of the Business Units have set up controls to assess E&S risks in their transaction processes and when onboarding a new corporate client. The rate of deployment in the Business Units is monitored by their Compliance department,
  - more than 38,000 staff have taken e-learning courses on how to manage environmental and social risks while nearly 28,000 employees had online training on sustainable investment.

5.5.7 OUTLOOK AND PLANNED DEVELOPMENTS

The E&S risk management framework will be further enhanced in 2023 by policies, formal processes and/or additional checks.

Employees

Changes in the environment, in society and in the technologies we use are reshaping the banking professions and how banks operate. These shifts also have consequences for how work is organised, which, in turn, has a direct impact on the health and safety of the workforce. Societe Generale has taken the measure of just how fast these transformations are taking place. It is committed to doing whatever it takes to manage and prevent risks to workplace health and safety, especially psychosocial risks.

Societe Generale will beef up these measures across the Group by:

- monitoring the labour relations climate to identify where tensions exist and put actions in place to contain psychosocial risk drivers;
- analysing the results of the employee survey and implementing appropriate action plans;
- taking steps to foster a culture of dialogue with all staff to pick up weak signals and prevent psychosocial risks.

Particular attention will be paid to some entities where residual health and safety risks are not addressed or are inadequately covered by existing tools and procedures – in Algeria, Bulgaria, Chad, Congo, Morocco, Romania and the United Arab Emirates – and local systems will be reinforced, if necessary (updating internal procedures to address emerging risks and in line with developments in the local context, Health, Safety and Security Committee meeting, etc.).

In 2023, the Group will continue to implement measures to protect and support staff in managing transformation projects and establishing new ways of working. Being attentive to stakeholders will clarify changes in its environment and help the Group address them in an agile manner. Appropriate channels have been set up to foster constructive dialogue with all stakeholders by considering the feedback and results of internal surveys.

Suppliers and subcontractors

The Group is planning to implement the following main actions:

- make continued improvements to the tools used to identify and assess risks, including creating new tool sheets on moderate and low-risk categories for purchasers;
- organise more regular training for Group purchasers and the Sourcing function as a whole, and extending training to entities that routinely manage sourcing when they request it;
- perform CSR audits and set up remedial action plans with suppliers under contract that present E&S risk drivers;
- make improvements to the process of identifying and managing E&S controversies for Group suppliers, as well as continue specific discussions with and challenge, where appropriate, the suppliers which are the subject of significant controversies.

Group activities

The main actions planned are as follows:

- **stepped up application of the plan and sector policies:**
  - developing a tool to help identify companies that do not comply with the exclusion criteria in the sector policies,
  - continuing to hold training workshops on sector policies,
  - developing tools to help Business Units to qualify the E&S reputational risk posed by a company and check the criteria for application of sector policies for the Transactions scope,
  - continued assessments of Group clients on the deforestation issue:
    - to meet its commitment in the Industrial agriculture and forestry sector policy to tackle deforestation, the Group will start annual monitoring of progress to ensure traceability across the value chains of clients active in the soya and cattle sectors in South America and in the palm oil industry,
    - looking ahead to the upcoming introduction of a European regulation to stop the import of goods linked to deforestation, the Group seeks to start an additional review of clients active in the cocoa, coffee, wood and rubber sectors. The aim is to establish dialogue on what measures they intend to put in place;
  - pursuing the process of defining and implementation of internal processes on forced labour;
- **extension of alignment objectives to new sector portfolios**, chosen according to how emissions-intensive they are and how material they are for the Group;
- **training within the Group** (with a target of 30% of employees completing Climate Fresco training by September 2024).

6

FINANCIAL INFORMATION

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

The main characteristics of Societe Generale stock-option plans and free share plans are disclosed in Chapter 3 of the present Universal Registration Document (Corporate governance).

This information belongs to the notes to the consolidated financial statements and has been audited by Statutory Auditors; it is identified as such in Chapters 3 and 4 of the present Universal Registration Document.

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED BALANCE SHEET – ASSETS

(In EURm)		31.12.2022	31.12.2021
Cash, due from central banks		207,013	179,969
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	329,437	342,714
Hedging derivatives	Notes 3.2 and 3.4	32,850	13,239
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	37,463	43,450
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	21,430	19,371
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	66,903	55,972
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	506,529	497,164
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(2,262)	131
Investments of insurance companies	Note 4.3	158,415	178,898
Tax assets	Note 6	4,696	4,812
Other assets	Note 4.4	85,072	92,898
Non-current assets held for sale	Note 2.5	1,081	27
Deferred profit-sharing	Note 4.3	1,175	-
Investments accounted for using the equity method		146	95
Tangible and intangible fixed assets	Note 8.4	33,089	31,968
Goodwill	Note 2.2	3,781	3,741
TOTAL		**1,486,818**	**1,464,449**

6.1.2 CONSOLIDATED BALANCE SHEET – LIABILITIES

(In EURm)		31.12.2022	31.12.2021
Due to central banks		8,361	5,152
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	300,618	307,563
Hedging derivatives	Notes 3.2 and 3.4	46,164	10,425
Debt securities issued	Notes 3.6 and 3.9	133,176	135,324
Due to banks	Notes 3.6 and 3.9	132,988	139,177
Customer deposits	Notes 3.6 and 3.9	530,764	509,133
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(9,659)	2,832
Tax liabilities	Note 6	1,638	1,577
Other liabilities	Note 4.4	107,553	106,305
Non-current liabilities held for sale	Note 2.5	220	1
Insurance contracts related liabilities	Note 4.3	141,688	155,288
Provisions	Note 8.3	4,579	4,850
Subordinated debts	Note 3.9	15,946	15,959
TOTAL LIABILITIES		**1,414,036**	**1,393,586**
SHAREHOLDER'S EQUITY			
Shareholders' equity, Group share			
Issued common stocks and capital reserves	Note 7.1	21,248	21,913
Other equity instruments		9,136	7,534
Retained earnings		34,267	30,631
Net income		2,018	5,641
SUB-TOTAL		**66,669**	**65,719**
Unrealised or deferred capital gains and losses	Note 7.3	(218)	(652)
SUB-TOTAL EQUITY, GROUP SHARE		**66,451**	**65,067**
Non-controlling interests	Note 2.3	6,331	5,796
TOTAL EQUITY		**72,782**	**70,863**
TOTAL		**1,486,818**	**1,464,449**

6.1.3 CONSOLIDATED INCOME STATEMENT

(In EURm)		2022	2021
Interest and similar income	Note 3.7	28,838	20,590
Interest and similar expense	Note 3.7	(17,552)	(9,872)
Fee income	Note 4.1	9,335	9,162
Fee expense	Note 4.1	(4,161)	(3,842)
Net gains and losses on financial transactions		6,691	5,723
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*6,715*	*5,704*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*(10)*	*44*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(14)*	*(25)*
Net income from insurance activities	Note 4.3	2,211	2,238
Income from other activities	Note 4.2	13,221	12,237
Expenses from other activities	Note 4.2	(10,524)	(10,438)
Net banking income		**28,059**	**25,798**
Personnel expenses	Note 5	(10,052)	(9,764)
Other operating expenses	Note 8.2	(7,009)	(6,181)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.4	(1,569)	(1,645)
Gross operating income		**9,429**	**8,208**
Cost of risk	Note 3.8	(1,647)	(700)
Operating income		**7,782**	**7,508**
Net income from investments accounted for using the equity method	Note 2.3	15	6
Net income / expense from other assets	Note 2.1	(3,290)	635
Value adjustments on goodwill		-	(114)
Earnings before tax		**4,507**	**8,035**
Income tax	Note 6	(1,560)	(1,697)
Consolidated net income		**2,947**	**6,338**
Non-controlling interests	Note 2.3	929	697
Net income, Group share		**2,018**	**5,641**
Earnings per ordinary share	Note 7.2	1.73	5.97
Diluted earnings per ordinary share	Note 7.2	1.73	5.97

6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EURm)	2022	2021
Consolidated net income	**2,947**	**6,338**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(111)**	**930**
Translation differences	1,820	1,457
Revaluation differences for the period	*1,278*	*1,458*
Reclassified into income	*542*	*(1)*
Revaluation of debt instruments at fair value through other comprehensive income	(731)	(318)
Revaluation differences for the period	*(771)*	*(294)*
Reclassified into income	*40*	*(24)*
Revaluation of available-for-sale financial assets	(1,223)	(292)
Revaluation differences for the period	*(1,244)*	*(269)*
Reclassified into income	*21*	*(23)*
Revaluation of hedging derivatives	(380)	(36)
Revaluation differences of the period	*(252)*	*6*
Reclassified into income	*(128)*	*(42)*
Related tax	403	119
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**539**	**191**
Actuarial gains and losses on defined benefit plans	92	236
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	671	8
Revaluation of equity instruments at fair value through other comprehensive income	(26)	11
Related tax	(198)	(64)
Total unrealised or deferred gains and losses	**428**	**1,121**
Net income and unrealised or deferred gains and losses	**3,375**	**7,459**
o/w Group share	*2,592*	*6,719*
o/w non-controlling interests	*783*	*740*

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

	Shareholders' equity, Group share							
(In EURm)	**Issued common stocks and capital reserves**	**Other equity instruments**	**Retained earnings**	**Net income, Group share**	**Unrealised and deferred gains and losses**	**Total**	**Non-controlling interests**	**Total consolidated shareholder's equity**
At 1 January 2021	**22,333**	**9,295**	**31,812**	**-**	**(1,730)**	**61,710**	**5,302**	**67,012**
Increase in common stock and issuance/redemption and remuneration of equity instruments	-	(1,761)	(627)	-	-	(2,388)	(33)	(2,421)
Elimination of treasury stock	(468)	-	(36)	-	-	(504)	-	(504)
Equity component of share-based payment plans (see Note 5.3)	48	-	-	-	-	48	-	48
2021 Dividends paid (see Note 7.2)	-	-	(468)	-	-	(468)	(193)	(661)
Effect of changes of the consolidation scope	-	-	(41)	-	-	(41)	(18)	(59)
Sub-total of changes linked to relations with shareholders	***(420)***	***(1,761)***	***(1,172)***	***-***	***-***	***(3,353)***	***(244)***	***(3,597)***
2021 Net income	-	-	-	5,641	-	5,641	697	6,338
Change in unrealised or deferred gains and losses	-	-	-	-	1,078	1,078	43	1,121
Other changes	-	-	(9)	-	-	(9)	(2)	(11)
Sub-total	***-***	***-***	***(9)***	***5,641***	***1,078***	***6,710***	***738***	***7,448***
At 31 December 2021	**21,913**	**7,534**	**30,631**	**5,641**	**(652)**	**65,067**	**5,796**	**70,863**
Allocation to retained earnings	-	-	5,781	(5,641)	(140)	-	-	-
At 1 January 2022	**21,913**	**7,534**	**36,412**	**-**	**(792)**	**65,067**	**5,796**	**70,863**
Increase in common stock and issuance/redemption and remuneration of equity instruments (see Note 7.1)	(233)	1,602	(590)	-	-	779	(33)	746
Elimination of treasury stock (see Note 7.1)	(524)	-	(66)	-	-	(590)	-	(590)
Equity component of share-based payment plans (see Note 5.3)	92	-	-	-	-	92	-	92
2022 Dividends paid (see Note 7.2)	-	-	(1,371)	-	-	(1,371)	(754)	(2,125)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(88)	-	-	(88)	543	455
Sub-total of changes linked to relations with shareholders	***(665)***	***1,602***	***(2,115)***	***-***	***-***	***(1,178)***	***(244)***	***(1,422)***
2022 Net income	-	-	-	2,018	-	2,018	929	2,947
Change in unrealised or deferred gains and losses	-	-	-	-	574	574	(146)	428
Other changes	-	-	(30)	-	-	(30)	(4)	(34)
Sub-total	***-***	***-***	***(30)***	***2,018***	***574***	***2,562***	***779***	***3,341***
At 31 December 2022	**21,248**	**9,136**	**34,267**	**2,018**	**(218)**	**66,451**	**6,331**	**72,782**

6.1.6 CASH FLOW STATEMENT

(In EURm)	2022	2021
Consolidated net income (I)	**2,947**	**6,338**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	5,359	5,444
Depreciation and net allocation to provisions	6,608	684
Net income/loss from investments accounted for using the equity method	(15)	(6)
Change in deferred taxes	286	425
Net income from the sale of long-term assets and subsidiaries	(18)	(41)
Other changes*	4,830	957
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)*	**17,050**	**7,463**
Income on financial instruments at fair value through profit or loss	11,230	4,619
Interbank transactions*	(13,899)	(2,154)
Customers transactions*	3,855	3,841
Transactions related to other financial assets and liabilities*	29,906	(10,144)
Transactions related to other non-financial assets and liabilities*	(11,997)	11,043
Net increase/decrease in cash related to operating assets and liabilities (III)*	**19,095**	**7,205**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)*	**39,092**	**21,006**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments*	582	(3,532)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(9,594)	(6,466)
Net cash inflow (outflow) related to investment activities (B)*	**(9,012)**	**(9,998)**
Cash flow from/to shareholders	(712)	(4,894)
Other net cash flow arising from financing activities*	498	436
Net cash inflow (outflow) related to financing activities (C)*	**(214)**	**(4,458)**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	2,354	2,154
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**32,220**	**8,704**
Cash, due from central banks (assets)	179,969	168,179
Due to central banks (liabilities)	(5,152)	(1,489)
Current accounts with banks (see Notes 3.5 and 4.3)	28,205	26,609
Demand deposits and current accounts with banks (see Note 3.6)	(12,373)	(11,354)
Cash and cash equivalents at the start of the year	**190,649**	**181,945**
Cash, due from central banks (assets)	207,013	179,969
Due to central banks (liabilities)	(8,361)	(5,152)
Current accounts with banks (see Notes 3.5 and 4.3)	34,672	28,205
Demand deposits and current accounts with banks (see Note 3.6)	(10,455)	(12,373)
Cash and cash equivalents at the end of the year	**222,869**	**190,649**
Net inflow (outflow) in cash and cash equivalents	**32,220**	**8,704**

* *Amounts restated compared to the financial statements published for 2021 in order to reclassify items from the Other changes line.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 7 February 2023.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

NOTE 1.1 Introduction

ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale group ("the Group") prepared its consolidated financial statements for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the parent company Societe Generale (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

In accordance with the transitional measures provided by IFRS 9, the Group has elected to recognise hedging transactions under IAS 39 as adopted by the European Union, including measures related to macro-fair value hedge accounting (IAS 39 "Carve-out").

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used is consistent with the format proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables* (ANC), under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale group, its activities, and the circumstances in which it conducted its operations of the period.

The Group publishes its Annual Financial Report 2023 using the European Single Electronic Format (ESEF) as defined by the European Delegated Regulation 2019/815 amended by Commission Delegated Regulation (EU) 2022/352.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures presented in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding may generate discrepancies between the figures presented in the financial statements and those presented in the notes.

NOTE 1.2 New accounting standards applied by the Group as of 1 January 2022

Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract".

Amendments to IFRS 16 "Property, Plant and Equipment – Proceeds before Intended Use".

Annual Improvements to IFRS (2018-2020 cycle).

AMENDMENTS TO IAS 37 "ONEROUS CONTRACTS - COST OF FULFILLING A CONTRACT"

These amendments clarify the costs to include to calculate the cost of fulfilling a contract when assessing whether a contract is onerous.

These amendments have no impact on the Group's consolidated financial statements.

AMENDMENTS TO IAS 16 "PROPERTY, PLANT AND EQUIPMENT - PROCEEDS BEFORE INTENDED USE"

These amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to its operating location or preparing that asset for its intended use. Instead, a company will recognise such sales proceeds and related production cost in profit or loss.

These amendments do not apply to the Group.

ANNUAL IMPROVEMENTS TO IFRS (2018-2020 CYCLE)

As part of the annual improvement to IFRS, the IASB published minor changes to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and IFRS 16 "Leases".

These changes have no significant impact on the Group financial statements.

FOLLOW-UP OF THE DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (IFRS IC) DATED 27 APRIL 2021 ON IAS 38

During its 27 April 2021 meeting, the IFRS IC reiterated the rules relating to the accounting by the customer of the costs of configuring or customising the supplier's application software used under a Software as a Service (SaaS) arrangement.

A study was conducted within the Group. The IFRS IC decision has no significant impact on the processing of the contracts existing as at 31 December 2022. The provisions of this decision will be applied in the Group to account for costs of configuring or customising any new application software used as a SaaS application.

NOTE 1.3 Accounting standards, amendments or interpretations to be applied by the Group in the future

The IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 31 December 2022. Their application is required for the financial years beginning on or after 1 January 2023 at the earliest or on the date of their adoption by the European Union. They have thus not been applied to the Group as at 31 December 2022.

The provisional application timeframe for the standards with the most impact on the Group is as follows:

2023

- IFRS 17 "Insurance contracts"/Amendments to IFRS 17 published as at 25 June 2021 and amendments to IFRS 17 and IFRS 9 published as at 9 December 2021 (see paragraph 4)
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

2024

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

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"

Adopted by the European Union on 2 March 2022.

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

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

Adopted by the European Union on 2 March 2022.

The aim of these amendments is to facilitate distinguishing between changes in accounting methods and changes in accounting estimates.

AMENDMENTS TO IAS 12 "INCOME TAXES" - DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Adopted by the European Union on 11 August 2022.

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.

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

Since the date of first application of IFRS 16, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group's consolidated financial statements.

AMENDMENTS TO IFRS 16 "LEASE LIABILITY IN A SALE AND LEASEBACK"

Published on 22 September 2022.

These amendments clarify the subsequent assessment of sale and leaseback transactions when the initial transfer of the property, plant or equipment meets the criteria of IFRS 15 for recognition as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from this sale and leaseback transactions, made of payments of variable leases that do not depend on an index or a rate.

The impact of these amendments is currently being analysed.

NOTE 1.4 Preparation for the first-time application of IFRS 17 "insurance contracts" and of IFRS 9 "financial instruments" to the legal entities operating in the insurance sector

IFRS 17, issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 amendments, will replace IFRS 4 "Insurance contracts" which allows, in particular, insurance contracts to be recognised using methods required by the local accounting regulation.

On 23 November 2021, the European Commission (EC) published in the Official Journal Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 "Insurance contracts". This adoption included the possibility for European companies not to implement the requirement stated in the standard to group some insurance contracts by annual cohort for their measurement (see paragraph: "Grouping of contracts"); this exemption will be reassessed by the European Commission at the latest on 31 December 2027.

IFRS 17 applies from 1 January 2023. On the same date, the Group' subsidiaries operating in the insurance sector will apply IFRS 9 "Financial Instruments" for the first time; this application has been delayed as a result of the possibilities offered by the amendments to IFRS 17 and to IFRS 4 issued by the IASB on 25 June 2020 and expanded by Regulations (EU) 2017/1988 and 2020/2097 of the European Commission.

On 9 September 2022, the European Union adopted the amendment to IFRS 17 published by the IASB on 9 December 2021 with the aim of improving the usefulness of the comparative information about financial assets presented on the initial application of IFRS 17 and IFRS 9.

The main consequences of the application of IFRS 17 concern:

- the measurement of insurance contracts, materialised mainly as liabilities on the balance sheet: their value will be updated on each closing date based on a reestimate of the future cash flows related to their execution. This reestimate will take account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition in the income statement will be modified. Any expected profit will be deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely any expected loss will immediately be recognised in the income statement upon its initial recognition or in subsequent measurements; and
- the presentation of the income statement: the operating expenses attributable to the execution of insurance contracts will hence be presented in reduction of the net banking income as Insurance services expenses and will thus not impact the total operating expenses on the consolidated income statement anymore.

SCOPE OF THE CONTRACTS

The insurance contracts to which IFRS 17 applies are the same as those to which IFRS 4 currently applies. These are the insurance contracts issued, the reinsurance contracts issued or held, as well as the investment contracts issued which include a discretionary participation feature provided they are issued by an entity which also issues insurance contracts. Like IFRS 4, IFRS 17 does not apply to the insurance contracts for which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

GROUPING OF CONTRACTS

To assess the insurance contracts issued, IFRS 17 requires that the latter be grouped into homogeneous portfolios. Within these portfolios all contracts have to be exposed to similar risks and managed together.

In each portfolio, three groups of contracts shall be distinguished upon initial recognition: onerous contracts, contracts with no significant possibility of becoming subsequently onerous, and other contracts.

Furthermore, IFRS 17 stipulates that each group of contracts has to be subdivided into annual cohorts (no more than twelve months interval between the dates of issue of the contracts). In the context of the adoption of IFRS 17, the European Commission offered to European companies the option not to apply this provision to the contracts with intergenerational mutualisation of the returns of the underlying assets in the countries where the Group markets insurance contracts.

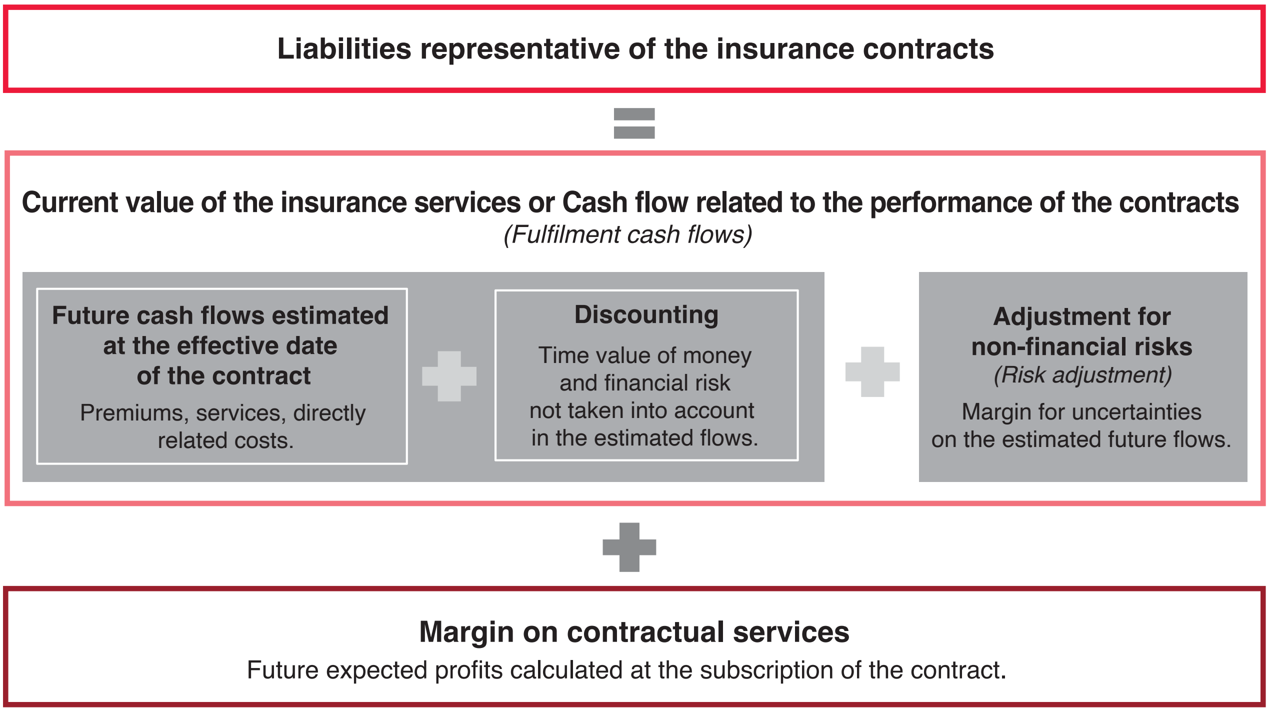
The Group will use this optional exemption for all the saving life insurance contracts issued as they include direct or discretionary profit-sharing elements for which both risks and cashflows are shared between different generations of policyholders. These savings life insurance contracts are also managed on an intergenerational basis in order to mitigate the exposure to interest rate and longevity risks.

MEASUREMENT MODELS

General Model applicable to the insurance contracts issued

INITIAL MEASUREMENT

On initial recognition, the value of a group of insurance contracts issued corresponds to the sum of the following items:



The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future. Its amount is determined at the time of initial recognition on the group of insurance contracts so that, at that date, no income or expense is recorded, except in the particular case of groups of onerous contracts the loss of which, corresponding to the net expected cash outflow, has to be immediately recognised in profit or loss.

The yield curve used to discount the estimated future cash flows is determined through a bottom-up approach: this approach consists in adding to a risk-free yield curve (swap rate curve) an illiquidity premium to represent the differences in characteristics between liquid risk-free financial instruments and insurance contracts.

The adjustment for non-financial risk is determined from an approach by quantile based on a level of confidence of 90% for the Savings life insurance activity and 80% to 90% for the Protection activity. Accordingly, the calculation method of the adjustment for non-financial risk has not benefited from a diversification effect between these different insurance activities.

SUBSEQUENT MEASUREMENT (EXCLUDING ONEROUS CONTRACTS)

On each closing date, the carrying amount in the balance sheet of the group of insurance contracts issued is remeasured. It is then equal to the sum of the following amounts:

- the liability for remaining coverage, which encompasses the value of the fulfilment cash flows reestimated at that date (present value of the premiums receivable and of the cost of future insurance services over the remaining coverage period) and the contractual service margin reestimated at the same date as described above;
- the liability for incurred claims, for an amount equal to the present value of the estimated cashflows necessary to settle the valid claims for past events.

On the same closing date, the amount of contractual service margin is reestimated to take account notably, for all contracts, of:

- the effect of the new contracts added to the group of contracts;
- the interest capitalised at the discount rate used to determine the initial value of the margin;
- the reestimate of the fulfilment cash flows (discounted value of the premiums receivable and of the cost of future insurance services on the remaining coverage period, excluding the estimated cashflows necessary to settle the valid claims for past events, that are measured separately).

To determine the amount of CSM for the time elapsed to be recognised in profit or loss for each IFRS 17 portfolio, it is necessary to define coverage units. Coverage units correspond to the quantity of coverage provided by the contracts making up the Group, taking account of the volume of services provided and of the expected coverage duration.

PROTECTION ACTIVITY

The Group will primarily apply the General Model to measure its provident contracts (borrower insurance, funeral, dependency contracts).

For the Protection – provident activity, the insured value (for example the outstanding principal due in the context of a borrower contract) will be used to measure the quantity of service (or coverage units) provided or to be provided, with a view to allocating the CSM to the net income of the time period.

General Model modified for the contracts with direct participation features (Variable Fee Approach)

To measure the insurance contracts issued with direct participation features, the General Model provided for by IFRS 17 is adjusted to take account of the participation of policyholders to the returns on investments underlying the contracts.

This approach, known as the Variable Fee Approach (VFA), has to be used to measure the groups of insurance contracts for which:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Eligibility to this measurement model is analysed on the issuance date of the contracts and may subsequently be reassessed only in case of modification of said contracts.

The major modifications to the General Model concern:

- the portion of changes in the fair value of the underlying investments that is due to the insurer. At each closing date, this portion of changes during the period is incorporated into the contractual service margin in order to be recognised in profit or loss over the remaining coverage period provided for by the contracts;
- the interest on the contractual service margin whose changes are implicit in the periodic review of the contractual service margin.

SAVINGS LIFE INSURANCE ACTIVITIES

The Group has established that almost all the savings life insurance contracts issued by its insurance subsidiaries meet the definition of contracts with direct participation. These contracts, which represent the predominant part of the Group’s insurance business (about 99% of the estimated cash flows discounted as at 1 January 2022), will be assessed using the General Model adjusted for the Variable Fee Approach (VFA). The other contracts of these categories are assessed based on the General Model or under IFRS 9 if they meet the definition of an investment contract.

For the savings life insurance activity, the quantity of service (or coverage units) used to allocate the CSM to net income will be determined based on the stocks of future cash flows estimated over the period and at future periods. An adjustment will be made with a view to correcting the so-called bow wave effect, using the financial performance expected over the forecast period.

Simplified approach (Premium Allocation Approach)

The standard also allows, under some conditions, for the application of a simplified approach to contracts with an insurance coverage period lower or equal to 12 months or for which the measurement of the liability for remaining coverage of the Group resulting from the application of this simplified method will not differ significantly from the measurement resulting from the application of the general model.

The premiums receivable during the contractual insurance period are recognised in profit on a straight-line basis over this contractual period (or according to the expected pattern of release of risk even if this pattern vastly differs from a straight-line pattern).

As in the General Model, claims are provisioned upon their occurrence through a profit or loss account for an amount equal to the estimated value of the cash flows necessary to settle the valid claims (it is however not necessary, in order to account for the time value of money, to discount the amount of indemnification if its payment is expected within one year after the date of the claim).

PROTECTION ACTIVITY

The Group will primarily apply the simplified approach to assess its property and casualty insurance (personal injury, means of payment, multi-risk home insurance…) contracts.

PRESENTATION OF THE FINANCIAL PERFORMANCE

On the consolidated income statement, the incomes and expenses relating to the insurance contracts issued and the reinsurance contracts will be presented under net banking income, distinguishing between, on one side:

- the income from the insurance and reinsurance contracts issued;
- the service expenses relating to the insurance and reinsurance contracts issued; and
- the income and expenses relating to the reinsurance contracts held; and on the other side:
- the financial income and expenses of the insurance and reinsurance contracts issued; and
- the financial income and expenses of the reinsurance contracts held.

The service expenses relating to the insurance and reinsurance contracts issued as well as the expenses relating to the reinsurance contracts held will then include the share of operating expenses directly attributable to the fulfilment of the contracts which will then be deducted from the net banking income.

Many insurance contracts include an investment component in the form of a deposit paid by the policyholder and which the insurer is contractually bound to repay to him even if the insured event does not occur. Even if they may take the contractual form of insurance premiums and services, the collection and repayment flows of these deposits do not constitute either income or expenses in relation to these contracts.

The execution cash flows and the contractual service margin are recognised on a discounted basis that reflects the cash flow schedule.

For the insurance contracts issued, the impact of the time value of money decreases over time and this decrease is reflected in the comprehensive income statement as an insurance financial expense. To put it simply, insurance financial expenses are similar to the interest paid on an early payment and reflect the fact that subscribers usually pay premiums from the start and receive services only at a later date.

The insurance financial expenses or income also include the impact on the carrying amount of insurance contracts of some changes in financial assumptions (*i.e.*, the discounting rate and other financial variables).

The impacts of these changes in the discounting rate and other financial variables are recognised in the period when the changes occur.

The Group has chosen, as provided for in the standard, to break these impacts down between the net income and the equity for all of its groups of contracts. This choice allows it to align the accounting treatment of the contract portfolios with the accounting treatment of the assets held as coverage.

Application of IFRS 17

The initial application of IFRS 17 as at 1 January 2023 will be retrospective and the comparative data of the 2022 financial year will be restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 will be presented directly in equity.

The retrospective measurement of these assets and liabilities, and in particular of the different insurance contract portfolios, may be subject to simplified alternate approaches when the historical data necessary for a fully retrospective application are not available. The standard then allows for the use of:

- either a modified retrospective approach that will provide, based on reasonable information available at no cost or undue effort, measurements that are as close as possible to those that would result from the retrospective application of the standard; or
- an approach based on the fair value of the insurance contracts portfolios as at 1 January 2022.

The Group will apply a modified retrospective approach for the savings life insurance contracts which make for the large majority of its contracts. Protection – property and casualty contracts will be subject to a full retrospective approach. For Protection – provident contracts a retrospective approach, either full or modified, will be applied on a case-by-case basis.

The assessment of the insurance contracts made on a current basis, taking into account the time value of money and the financial risks relating to future cash flows, will require to review the modalities for measuring some assets regarded as backing the contracts with a view to removing the possible accounting mismatch.

From the initial application of IFRS 17, the Group will measure at fair value the investment properties held by insurance companies regarded as backing the insurance contracts issued.

Transitioning to IFRS 17 requires including in the assessment of the insurance contracts the administrative costs (personnel expenses, amortisation expenses for fixed assets…) directly attributable to the fulfilment of contracts and present them as Insurance services expenses in the net banking income.

The Group's insurance entities will systematically identify in the fulfilment cash flows of their contracts the amount of administrative costs they expect to bear. These administrative costs will be presented under the "Insurance services expenses in the net banking income" item. Consequently, the administrative costs presented by nature on the income statement will be reduced by the amounts allocated to the fulfilment of the insurance contracts. Furthermore, the Group's banking entities are required to market, through their retail branch networks, the insurance contracts issued by the Group's insurance entities and thus invoice fees to these entities. These fees cover the costs borne by the banking entities plus a margin. In the case of invoicing between Group-controlled entities, the internal margin received by the banking entity and borne by the insurance entity will be eliminated in the consolidated accounts. The administrative costs borne by the banking entities for the distribution of contracts will be regarded as expenses directly attributable to the fulfilment of the contracts and will thus be incorporated into the measurement of the contracts and presented under the Insurance services expenses item. The contractual service margin of the insurance contracts distributed by the Group's banking entities will thus be determined by taking into account both the costs borne by the distributing banking entity (excl. internal margin) and the other directly attributable costs borne by the insurance entity.

Application of IFRS 9 by the Group's insurance entities

The initial application of IFRS 9 by the Group's insurance entities as at 1 January 2023 will be retrospective.

For the sake of consistency with the IFRS 17 transition arrangements, and in order to provide more relevant and useful information, the Group will restate the comparative data of the 2022 financial year relating to the relevant financial instruments of its insurance entities (including the financial instruments derecognised during the 2022 financial year).

Following the retrospective application of IFRS 9 as at 1 January 2022, differences resulting mainly from the measurement of the financial assets and liabilities concerned and of the impairment for credit risk will be recognised directly in equity.

The treatment of the financial assets currently measured at fair value through profit or loss will not be modified. The other financial assets (mainly Financial assets available for sale) comprise:

- basic financial instruments – whose cash flows correspond solely to repayments of principal and payments of interest on the principal due – (see Note 4.3.2):
  - held within a "Collect and sell" business model: these instruments, which correspond to investments negotiated in relation to the management of insurance contracts, will be reclassified as Financial assets at fair value through equity,
  - held within a "Collect" business model: these instruments, primarily held for the reinvestment of own funds, will be reclassified as Financial assets at amortised cost;
- non-basic financial instruments: these instruments will be reclassified as Financial assets at fair value through Profit or Loss. The unrealised Gains and losses recognised directly in equity will be reclassified under Retained earnings (with no impact on the Group's equity).

Owing to the credit quality of the assets held (see Note 4.3.4), the application of the IFRS 9 provisions to the recognition of expected credit losses should only result in a limited increase in their impairment.

Impacts on the Group's financial statements of the application of IFRS 17 and IFRS 9 by insurance entities

The retrospective application of IFRS 17 and IFRS 9 by the Group's insurance entities results as at 1 January 2022 (transition date) in a EUR 46 million increase of the Group's consolidated equity and the recording on the balance sheet of a contractual service margin (deferred income) determined for the insurance and reinsurance contracts issued totalling EUR 8,404 million.

In keeping with the possibility offered by Recommendation n° 2022-01 dated 8 April 2022 of the French ANC on the format of the consolidated accounts of the institutions of the banking sector under the International Accounting Standards which will supersede Recommendation n° 2017-02 from the initial application of IFRS 17 on, the Group will present the financial investments of its insurance business under the same accounting items than those used for the financial assets held in the context of the other businesses of the Group.

ORGANISATION OF THE IFRS 17 IMPLEMENTATION PROGRAMME

A project structure has been set up under the joint governance of the Group's Finance Division and the Insurance business line.

This governance is articulated around the following main themes with a view to implementing IFRS 9 and IFRS 17 in the Group's insurance entities, in France and abroad:

- accounting treatments and calculation models;
- presentation in the Financial statements and the Notes, and financial communication;
- adaptation of the closing process;
- selection and deployment of the IT solution.

In 2019 and 2020, the work primarily consisted in reviewing the different types of contracts, analysing their accounting treatment under IFRS 17 and their presentation in the consolidated financial statements, and lastly, examining and selecting solutions in terms of Information system and processes.

In 2021, the work focused on the implementation of new processes and the approval and deployment of the IT solution.

In 2022, the preparatory work continued with the validation of the tools and processes, the finalisation of the accounting treatments and calculation models, and the production of the opening data as at 1 January 2022 and of the comparative information on this financial year.

NOTE 1.5 Use of estimates and judgment

To prepare the Group's consolidated financial statements, in application of the accounting principles described in the Notes, the Management makes assumptions and estimates that may impact on the amounts recognised in the income statement or as Unrealised or deferred capital gains and losses, on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the related notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the consolidated financial statements and may exercise its judgment. Valuations based on estimates innately involve risks and uncertainties relating to their occurrence in the future. Consequently, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take account of both the uncertainties about the economic consequences of the war in Ukraine and those that remain with regard to the Covid-19 pandemic, as well as of the current macroeconomic conditions. The effects of these events on the assumptions and estimates used are specified in the 6th paragraph of this Note.

Estimates and judgment are applied in particular with regard to the following items:

- the fair value in the balance sheet of financial instruments not listed on an active market which are recognised as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or Investments of insurance companies (described in Notes 3.1, 3.2, 3.3, 3.4 and 4.3), as well as the fair value of the instruments measured at amortised cost for which this information must be disclosed in the Notes to the financial statements (see Note 3.9);
- the impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income and loan commitments and guarantee commitments granted measured using models or internal assumptions based on historical, current and prospective data (see Note 3.8). The use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;
- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the impairment of Goodwill (see Note 2.2);
- the provisions recorded under liabilities on the balance sheet, the underwriting reserves of insurance companies and the deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the tax assets and liabilities recognised on balance sheet (see Note 6);
- the analysis of the characteristics of the contractual cash flows of financial assets (see Note 3);
- the assessment of control for the determination of the scope of consolidated entities, especially with regard to structured entities (see Note 2.4);
- the determination of the lease period to be applied for recognising the right-of-use assets and the lease liabilities (see Note 8.4).

CLIMATE RISKS

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains the primary climate risk for the Group.

As at 31 December 2022, the determination of the expected credit losses includes the possible impact of climate risks considered when assessing individual risks and sectoral risks, provided it is compatible with the provisioning horizon; and the impact of the Group's commitments in favour of energy and environmental transition and the development of the territories are still taken into account in the estimated budgets to determine the recoverable amount of the cash-generating units (CGU) and the recoverability of the deferred tax assets.

In addition, the Group analyses the provisions of the draft ESRS (European Sustainability Reporting Standards) prepared and subjected to public consultation by the EFRAG (European Financial Reporting Advisory Group), in particular those relating to connectivity between these future disclosure requirements and the consolidated financial statements.

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts (see Notes 2.2, 3, 3.8, 5.3 and 6).

NOTE 1.6 Crises: Covid-19, war in Ukraine and economic consequences

The lifting of the Covid-19-related restrictions in several major economies has supported economic activity even if the lockdowns in Mainland China have hampered it.

However, 2022 was marked by the war in Ukraine. The conflict, with its loss of human life and the suffering caused, has significant economic costs and is accompanied with a very high degree of uncertainty.

In the euro area, the supply difficulties, the increase in energy costs, the decline in purchasing power with high inflation and the tightening of economic policies are the main bottlenecks to growth. If pandemic-related risks have decreased significantly in the short-term, the strong uncertainties related to the war in Ukraine jeopardise these prospects and a more pronounced slowdown is anticipated in 2023.

Furthermore, the Group announced in April 2022, the cessation of its banking and insurance business in Russia. In May 2022, the Group completed the transfer of Rosbank and its insurance subsidiaries in Russia (see Note 2.1).

In this context, the Group has updated the macroeconomic scenarios selected to prepare the consolidated financial statements and has continued applying certain adjustments to its models (adjustments to the GDP as described in Note 3.8).

These macro-economic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.8) and are also used in some tests regarding goodwill impairment (see Note 2.2) and deferred tax assets recovery (see Note 6).

MACROECONOMIC SCENARIOS

As at 31 December 2022, the Group has selected three scenarios to factor in the uncertainties relating to the war in Ukraine, the ongoing Covid-19 pandemic and the current macro-economic context. The SG Extended scenario, drafted specifically in the context of the sanitary crisis, has become obsolete owing to the management and evolution of the crisis during 2022.

The assumptions selected to draw up the scenarios are listed below:

- the central scenario (SG Central) predicts a sharp economic slowdown in 2023, and only a modest rebound in growth in 2024. In 2023, inflation will remain high, close to 5.5% before dropping below 3% in 2024 and returning to target in the mid-term. The ECB will continue tightening its monetary policy in the short term; but a possible easing might start at the end of 2023;

- the favourable scenario (SG Favourable) describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions (situation observed in several economies in 2021/2022 following releases from lockdowns). In both cases, stronger growth will have a positive impact on employment and/or the profitability of companies;
- the stressed scenario (SG Stress) corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, Euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Economic and Sector Research Division of Societe Generale for all the entities of the Group based on the information published by the statistical institutes in each country.

Forecasts from institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serve as a reference to challenge the Group's forecasts in order to ensure the relevance and consistency of the thus-constructed scenarios.

FINANCIAL INSTRUMENTS: EXPECTED CREDIT LOSSES

The scenarios provided by the Group economists are incorporated into the credit loss provisioning models over a three-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macro-economic scenarios are updated to account for the uncertainties about the economic consequences of the war in Ukraine and the remaining uncertainties regarding the Covid-19 pandemic.

Variables

The GDP growth rate, the profit margin of businesses in France, the unemployment rates, the inflation rate in France and the yield on France ten-year government bonds are the main variables used in the expected credit losses valuation models.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Group operates and profit margin of businesses in France) for each scenario are detailed hereinafter:

SG Favourable scenario	2023	2024	2025	2026	2027
France GDP	1.5	2.8	2.0	2.1	1.3
Profit margin of French companies	32.7	32.7	32.9	32.9	32.3
Euro area GDP	1.2	2.7	2.0	2.1	1.3
United States GDP	1.0	2.6	2.8	2.8	2.3
China GDP	5.5	6.3	5.1	5.2	4.4
Czech Republic GDP	1.4	4.0	3.0	3.1	2.3
Romania GDP	2.9	4.5	3.8	3.8	3.2

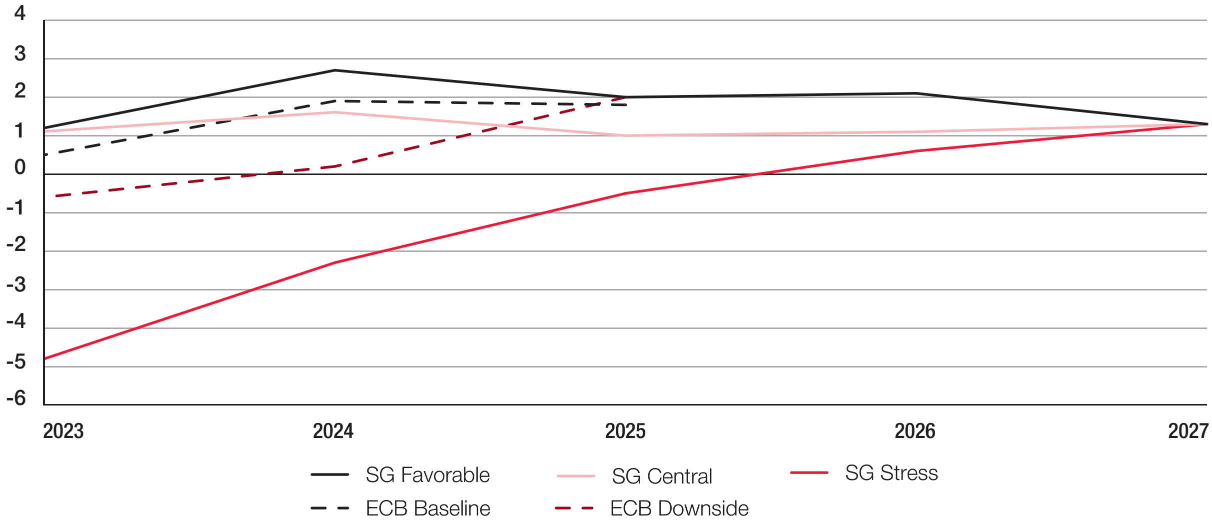
SG Favourable scenario	2023	2024	2025	2026	2027
France GDP	0.5	0.8	1.0	1.1	1.3
Profit margin of French companies	32.1	32.4	32.4	32.4	32.3
Euro area GDP	0.2	0.7	1.0	1.1	1.3
United States GDP	0.0	0.6	1.8	1.8	2.3
China GDP	4.5	4.3	4.1	4.2	4.4
Czech Republic GDP	0.4	2.0	2.0	2.1	2.3
Romania GDP	1.9	2.5	2.8	2.8	3.2

SG Stress scenario	2023	2024	2025	2026	2027
France GDP	(4.5)	(2.2)	(0.5)	0.6	1.3
Profit margin of French companies	29.9	30.2	30.2	30.2	32.3
Euro area GDP	(4.8)	(2.3)	(0.5)	0.6	1.3
United States GDP	(5.0)	(2.4)	0.3	1.3	2.3
China GDP	(0.5)	1.3	2.6	3.7	4.4
Czech Republic GDP	(4.6)	(1.0)	0.5	1.6	2.3
Romania GDP	(3.1)	(0.5)	1.3	2.3	3.2

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In practice, these correlations may be impacted by geopolitical or climatic events, changes in behaviour, legal environment or granting policy.

The illustration below compares the GDP forecasts in the euro area used by the Group for each scenario with the scenarios published by the ECB in December 2022.

GDP FORECASTS BY SCENARIO, IN PERCENTAGE



WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed over the past 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that occurred (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal of the cycle, the Group applies a methodology for weighting scenarios and assigns a higher weight to the Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the Central scenario is set at 60% as at 31 December 2022 in relation to the cancellation of the SG Extended scenario.

PRESENTATION OF THE CHANGES IN WEIGHTINGS:

	31.12.2021	30.06.2022	31.12.2022
SG Central	50%	60%	60%
SG Extended	10%	NA	NA
SG Stress	30%	30%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

The Cost of risk as at 31 December 2022 amounts to a net expense of EUR 1,647 million, increasing by EUR 947 million (+135%) compared to 31 December 2021 (EUR 700 million).

Sensitivity tests have been conducted to measure the impact of the changes in weightings on the models. The sectoral adjustments (see Note 3.8) have been taken into account in the sensitivity tests. The scope of this exercise concerns the outstanding amounts classified as Stage 1 and Stage 2 subject to a statistical modelling of the impacts of the macro-economic variables (72% of the outstanding amounts in Stage 1/Stage 2).

The results of these tests, with no impact on the classification of the outstanding amounts concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of EUR 627 million;
- of the SG Favourable scenario, the impact would be a reversal of EUR 407 million;
- of the SG Central scenario, the impact would be a reversal of EUR 272 million.

COVID-19 CRISIS: FRENCH STATE GUARANTEED LOANS (PGE)

Until 30 June 2022, the Group offered to its crisis-impacted customers (professionals and corporate customers) the allocation of State Guaranteed Loan facilities (*PGE*) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins).

With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans come with a one-year repayment exemption. At the end of that year, the customer may either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French *Ministre de l'Economie, des Finances et de la Relance* on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee are set by the State and are applicable by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (*i.e.*, between 10% and 30% of the loan depending on the size of the borrowing company).

The contractual characteristics of *PGE* are those of basic loans (SPPI criterion) and these loans are held by the Group as part of a business model whose objective is to collect their contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under Customer loans at amortised cost.

As at 31 December 2022, the balance sheet outstanding amount of State Guaranteed Loans (*PGE*) granted by the Group is approximately EUR 13.3 billion afterg the first repayments made in 2022 at the end of the moratorium period, (of which EUR 4.1 billion classified as Stage 2 and EUR 1 billion as Stage 3). The *PGE* granted by the Retail Banking networks In France amount, as at 31 December 2022, to EUR 11.5 billion (of which EUR 3.8 billion classified as Stage 2 and EUR 0.9 billion as Stage 3), without predominance of a specific sector; the State guarantee for these loans covers, on average, 90% of their amount.

The expected credit losses recognised as at 31 December 2022 for *PGE* (French State Guaranteed Loans) amount to some EUR 212 million including EUR 133 million booked by the French retail networks (including EUR 51 million in Stage 2 and EUR 68 million in Stage 3).

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their *PGE* repayment deadlines from six to ten years; these extensions have not had any significant impact on the Group's financial statements as at 31 December 2022.

CONSEQUENCES OF THE WAR IN UKRAINE

The table below presents the changes in balance sheet and off-balance sheet exposures (measured at amortised cost or at fair value through equity) booked by the Group entities located in Russia, on one side, and by the Group entities outside Russia on Russian counterparties or Russian Group entities, on the other side.

	31.12.2022		30.06.2022		31.12.2021	
In EUR billion	Exposure at default	Gross outstanding	Exposure at default	Gross outstanding	Exposure at default	Gross outstanding
Onshore exposures on consolidated subsidiaries(1)	0.3	0.3	0.3	0.3	15.4	19.0
Offshore exposures(2)	1.8	2	2.6	2.9	3.2	4.4
Rosbank residual exposures	0.1	0.1	0.5	0.5	-	-
TOTAL	**2.2**	**2.4**	**3.4**	**3.7**	**18.6**	**23.4**

(1) The onshore exposures correspond to Rosbank, Rosbank Insurance and ALD Automotive OOO Russia.
(2) The offshore exposures (excl. Private Banking and residual exposures relating to the sale of Rosbank) correspond to exposures on Russian counterparties or on Russian Group subsidiaries booked outside Russia.

Russia and Ukraine exposures

In May 2022, the Group sold both its Rosbank subsidiary and its Russian insurance subsidiaries. The impact of these sales on the Group's financial statements are described in Note 2.1.

As at 31 December 2022, the Group is present in Russia through ALD subsidiaries (see onshore exposures on consolidated subsidiaries). On 11 April 2022, ALD announced that it would no longer conclude any new commercial transactions in Russia, Kazakhstan and Belarus, without challenging the ongoing concern status over the 12 next months of ALD Automotive OOO in Russia and ALD Automotive LLC in Belarus, both entities continuing to serve their customers and manage the existing vehicle fleet without encountering any specific difficulties in relation to business activities.

The Group is also present in Ukraine through its ALD subsidiary whose total balance sheet as at 31 December 2022 is equal to EUR 67.7 million.

Offshore exposures

Outside Russia, the Group still holds Russian counterparty credit exposures. All of these outstanding amounts (EUR 2 billion) have been classified as "sensitive" (see Note 3.8) and transferred to Stage 2 of impairment for credit risk or to Stage 3 when necessary.

The consequences of these different events (sale of Rosbank, classification as "sensitive" of the offshore Russian counterparties) as well as the account taken of the new macroeconomic scenarios to determine the expected credit losses as at 31 December 2022 are described in Note 3.8.

Other information

Legal, regulatory, statutory or contractual constraints or obligations may restrict the Group's ability to freely transfer assets between Group entities.

In May 2022, Russia published legislation providing for temporary restrictions and a special procedure on cash and capital movements initiated by Russian limited companies in favour of their foreign stakeholders related to "unfriendly countries".

NOTE 1.7 Hyperinflation in Turkey

On 16 March 2022, the International Practices Task Force of the Center for Audit Quality, a standard reference for identifying countries with hyperinflation, published a working paper including Turkey in the list of hyperinflationary economies.

Consequently, as from 1 January 2022 on, the Group applied the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") to prepare the individual financial statements in Turkish lira of the ALD entity located in Turkey (prior to their conversion in euros as part of the consolidation process). However, the financial statements of the SG Istanbul branch have not been restated, as the expected effects are not significant.

Under these provisions, the accounting value of some balance sheet items presented at cost is adjusted, at closing date, for the effects of inflation recorded over the period. In ALD Turkey's accounts, these adjustments were applied to the tangible fixed assets representative of the vehicle fleet, as well as to the various components of equity.

On the date of first application of this hyperinflation treatment (1 January 2022), the impact of these adjustments has been recorded in Consolidated reserves and non-controlling interests; on that date, the translation differences on the entities concerned have been reclassified as the same financial aggregates. For the subsequent closing periods, inflation adjustments for the eligible assets and equity items, as well as for expenses and income for the period, are to be recorded as income or expenses on foreign exchange transactions in the Net gains and losses on financial transactions.

Thus restated, the Turkish lira financial statements of ALD Turkey are to be converted into euro on the basis of the exchange rate applicable at the balance sheet date.

As at 1 January 2022, the total consolidated equity was increased by EUR 41.3 million, including a reduction in consolidated reserves of EUR -8.4 million after tax for the various adjustments and the reclassification of translation differences recorded on that date.

As at 31 December 2022, a gain of EUR 59.9 million was recorded as Net gains and losses on financial transactions for the inflation adjustments for the period. After tax and adjustment of other income and expense lines for the period, the effect of hyperinflation restatements on the consolidated net income amounted to EUR 37.6 million.

NOTE 2 CONSOLIDATION

MAKING IT SIMPLE

The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale - Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches over which the Group exercises control as well as a portion of the financial statements of the companies over which the Group exercises joint control or significant influence.

Consolidated entities

SUBSIDIARIES

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, *i.e.* the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If there are several investors, each with substantive rights that give them the unilateral ability to direct different relevant activities, the investor with that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

JOINT ARRANGEMENTS

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

ASSOCIATES

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

Consolidation rules and methods

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date while the results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

CONSOLIDATION METHODS

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The portion of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the portions of these entities not owned by the Group are recognised as Debt in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on the disposal of companies accounted for using the equity method are recorded under Net income/expense from other assets.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under Retained earnings, Group share.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is recorded under Retained earnings, Group share.

The costs related to these transactions are recognised directly in equity.

When the Group losses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under Net income/expense from assets in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

Commitments to buy out minority shareholders in fully consolidated subsidiaries

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

NOTE 2.1 Consolidation scope

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main change to the consolidation scope as at 31 December 2022, compared with the scope applicable at the closing date of 31 December 2021, is as follows.

SALE OF ROSBANK AND INSURANCE SUBSIDIARIES IN RUSSIA

Societe Generale announced on 18 May 2022 the closing of the sale of Rosbank group and the Group's Russian insurance subsidiaries to Interros Capital.

The financial consequences of this sale are presented below:

- a reduction in the Group's total balance sheet of EUR 16 billion mainly including a decrease in Customers loans at amortised cost of EUR 10 billion and a decrease in Customers deposits of EUR 13 billion;
- a loss on this disposal, reported in Net income/expense from other assets in 2022, of EUR -3.3 billion. This loss includes a translation difference reclassified into income for EUR -0.5 billion, the cumulated amount at 18 May after an increase of EUR 0.5 billion following the appreciation of the ruble between 1 January 2022 and the date of sale.

ACQUISITION OF LEASEPLAN BY ALD

On 6 January 2022, the Group announced that Societe Generale and ALD had signed two agreements for ALD to acquire 100% of LeasePlan's capital. The completion of this acquisition is expected during the first half of 2023 notably subject to receiving the remaining regulatory approvals and to the performance of other standard conditions precedent.

The acquisition price totalling EUR 4.5 billion would be paid in cash and in securities. LeasePlan shareholders would receive EUR 1.8 billion in cash and securities representing a *pro forma* stake of 30.75% of ALD's capital upon completion of the transaction, as well as shares with warrants attached for an equivalent of 3.12% of the consolidated entity's capital on a fully diluted basis.

On 16 December 2022, ALD announced that it had successfully carried out a capital increase with the preservation of the shareholders' preferential subscription right for approximately EUR 1.2 billion as part of the LeasePlan acquisition project.

Before this increase, Societe Generale held 79.8% of ALD's social capital. In accordance with its commitment to remain ALD's majority shareholder in the long term, Societe Generale subscribed to new shares for an amount of approximately EUR 803 million representing about 66.3% of the capital increase and now holds 75.9% of ALD's social capital.

As a result, after the completion of the LeasePlan acquisition, Societe Generale would remain the majority shareholder of ALD with a stake of 52.6%. This stake may be reduced to 51% in the event of the exercise of the shares with warrants attached that would be granted to LeasePlan shareholders to allow them to increase their *pro forma* stake up to 32.9% of ALD's social capital.

NOTE 2.2 Goodwill

MAKING IT SIMPLE

When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value.

But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.

In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.

However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.

ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations in accordance with IFRS 3 "Business Combinations".

On the acquisition date, the acquisition cost is calculated as the total fair value of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in profit or loss for the period except those related to the issuance of equity or debt instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives. If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. If recognised as equity instruments, these subsequent adjustments are not recorded.

On the acquisition date, as required by IFRS 3, all assets, liabilities, off-balance sheet items and contingent liabilities of this new subsidiary (even if they were not recognised before the combination) are measured individually at their fair value regardless of their purpose. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in profit or loss.

On the acquisition date, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted.

On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under Value adjustment on goodwill.

As at 31 December 2022, goodwill is split into the following eight CGUs:

Pillars	Activities
French Retail Banking	
France Networks*	Societe Generale's retail banking network, Boursorama online banking activities, wealth Management Solutions, consumer and equipment financing in France, retail banking network of Crédit du Nord and its seven regional banks
International Retail Banking and Financial Services**	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), France (CGL), Czech Republic (KB, Essox), Romania (BRD)
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradéa Vie and Antarius)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services

* *Following the steering changes at the end of 2021 resulting from the sale of Lyxor, SG Private Banking has been reporting to the French Retail Banking operating segment since 1 January 2022. The existing synergies between the SG Private Banking and the Retail Banking business also led the Group to combine the two CGUs under the French Networks CGU, SG Private Banking being an extension of Retail Banking to a specific customer segment.*

** *Following the disposal of Rosbank and the insurance subsidiaries in Russia in May 2022, the Russia CGU has been eliminated. No goodwill was allocated to this CGU as at 31 December 2021.*

The table below shows by operating segment (Note 8.1) the changes over the year 2022 in the values of goodwill of CGUs:

(In EURm)	Value as at 31.12.2021	Acquisitions and other increases	Disposals and other decreases	Transfers	Impairment	Value as at 31.12.2022
French Retail Banking	**831**	**-**	**-**	**237**	**-**	**1,068**
French Networks[1]	831	-	-	237	-	1,068
International Retail Banking	**1,475**	**-**	**(2)**	**-**	**-**	**1,473**
Europe	1,361	-	(2)	-	-	1,359
Africa, Mediterranean Basin and Overseas	114	-	-	-	-	114
Insurance	**335**	**-**	**(1)**	**-**	**-**	**334**
Insurance	335	-	(1)	-	-	334
Financial Services	**806**	**72**	**(29)**	**-**	**-**	**849**
Equipment and Vendor Finance	228	-	-	-	-	228
Auto Leasing Financial Services	578	72	(29)	-	-	621
Global Markets and Investor Services	**-**	**-**	**-**	**-**	**-**	**-**
Global Markets and Investor Services	-	-	-	-	-	-
Financing and Advisory	**57**	**-**	**-**	**-**	**-**	**57**
Financing and Advisory	57	-	-	-	-	57
Asset and Wealth Management	**237**	**-**	**-**	**(237)**	**-**	**-**
Asset and Wealth Management[1]	237	-	-	(237)	-	-
TOTAL	**3,741**	**72**	**(32)**	**-**	**-**	**3,781**

(1) Following the steering changes at the end of 2021 resulting from the sale of Lyxor, SG Private Banking has been reporting to the French Retail Banking operating segment since 1 January 2022. The existing synergies between the SG Private Banking and the Retail Banking business also led the Group to combine the two CGUs under the French Networks CGU, SG Private Banking being an extension of Retail Banking to a specific customer segment.

IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test at 31 December 2022 for each CGU to which goodwill had been allocated.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An irreversible impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is booked under value adjustment on goodwill.

The recoverable amount of a CGU is calculated using the discounted cash flow (DCF) method applied to the entire CGU.

The key principles retained for the implementation of annual tests for the assessment of the recoverable value of CGUs are as follows:

- for each CGU, estimates of future distributable dividends are determined over a five-year period, on the basis of a three-year budget trajectory (2023 – 2025) extrapolated to 2026 and 2027, the latter year being used to calculate the terminal value;
- these estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2021 (11% of the risk-weighted assets of each CGU);
- the growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2026 or 2027 forecasts;
- the projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 31 December 2022 are detailed below.

The table below presents discount rates and long-term growth rates specific to the CGUs of the Group's three core businesses:

Assumptions as at 31 December 2022	Discount rate	Long-term growth rate
French Retail Banking		
French Networks	8.4%	2.0%
International Retail Banking		
Retail Banking and Consumer Finance	11.3% to 12.9%	2% to 3%
Insurance		
Insurance	9.5%	2.5%
Financial Services		
Equipment and Vendor Finance and Auto Leasing Financial Services	10.0%	2.0%
Global Markets and Investor Services		
Global Markets and Investor Services	11.5%	2.0%
Financing and Advisory		
Financing and Advisory	10.0%	2.0%

The budget trajectories take into account in particular the impacts of the commitments in favor of the energy and environmental transition and the development of the territories detailed in the Declaration of Non-Financial Performance.

These budgets are based on the following main business and macro-economic assumptions:

Pillars	
French Retail Banking	
France Networks	■ Ongoing efforts to shift operations and relationship banking at Societe Generale and Crédit du Nord towards a digital model, and implementation of the project to merge the two retail banking networks ■ Consolidation of commercial and operational efficiency in Wealth Management and continued development of synergies with retail banking network ■ Confirmation of Boursorama's customer acquisition plan, with in particular the transfer of customers from ING France
International Retail Banking & Financial Services	
Europe	■ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ■ Strict discipline applied to operating expenses and normalisation of cost of risk
Africa, Mediterranean Basin and Overseas	■ Continued development of Societe Generale's sales network ■ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives) and gradual reduction cost of risk
Insurance	■ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses[(1)]
Equipment and Vendor Finance	■ Consolidation of leadership in these corporate financing businesses ■ Strict discipline applied to operating expenses and scare ressources
Auto Leasing Financial Services	■ Creation of a leading global player in mobility with the integration of LeasePlan ■ Continued growth for strategic partners and for long-time leasing to retail customers ■ Continued focus on operating efficiency
Global Banking and Investor Solutions	
Global Markets and Investor Services	■ Thanks to the restructuring initiated in 2019, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of the use of ressources in a standardised market context ■ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities ■ Continued of optimisation measures and investments in information systems
Financing and Advisory	■ Consolidation of origination momentum of financing activities ■ Consolidation of market-leading franchises (commodity and structured financing)

(1) The impacts of the new IFRS 17 standard, which came into force on 1 January 2023, are incorporated into the budget trajectory of the Insurance CGU.

For CGUs, the tests carried out at 31 December 2022 show that the recoverable amount remains higher than the book value.

Sensitivity tests were performed to measure the impact of the change in the discount rate and in the long-term growth rate on the recoverable amount of each CGU. The results of these tests show that:

- a 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 7.2% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 1.4% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 8.3% decrease without requiring additional depreciation of any CGU.

NOTE 2.3 Additional disclosures for consolidated entities and investments accounted for using the equity method

This Note provides additional disclosures for entities included in the consolidation scope.

These disclosures concern entities over which Societe Generale exercises exclusive control, joint control or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

NOTE 2.3.1 CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches; and
- asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

The Group has entered into contractual agreements with certain consolidated structured entities that may lead to financial support for these entities due to their exposure to credit, market or liquidity risks.

The Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as at 31 December 2022, does not intend to provide such support.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by the issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As at 31 December 2022, the amount of outstanding loans thus guaranteed is EUR 42.7 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants three liquidity lines to ABCP (*Asset Back Commercial Paper*) conduits for a total amount for EUR 25.0 billion as of 31 December 2022.

NOTE 2.3.2 NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amount to EUR 6,331 million as at 31 December 2022 (versus 5,796 million euros as at 31 December 2021) and account for 9% of total shareholders' equity s at 31 December 2022 (versus 8% as at 31 December 2021).

INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

(In EURm)	31.12.2022	31.12.2021
Capital and reserves	5,729	5,043
Other equity instruments issued by subsidiaries (see Note 7.1)	800	800
Unrealised or deferred gains and losses	(198)	(47)
TOTAL	**6,331**	**5,796**

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komerčni Banka A.S, BRD – Groupe Societe Generale S.A. and SG Marocaine de Banques;
- ALD, whose data presented here correspond to those of the ALD Automotive group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

	31.12.2022				
(In EURm)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
Komerčni banka A.S	60.73%	60.73%	276	1,875	(297)
BRD – Groupe Société Générale S.A.	60.17%	60.17%	107	530	(205)
Groupe ALD	75.94%	75.94%	249	1,676	(97)
SG Marocaine de Banques	57.67%	57.67%	41	500	(12)
Sogécap	100.00%	100.00%	33	829	(33)
Other entities	-	-	223	921	(143)
TOTAL	**-**	**-**	**929**	**6,331**	**(787)**

	31.12.2021				
(In EURm)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
Komerčni banka A.S	60.73%	60.73%	187	1,864	(62)
BRD – Groupe Société Générale S.A.	60.17%	60.17%	98	762	(3)
Groupe ALD	79.82%	79.82%	183	1,002	(57)
SG Marocaine de Banques	57.65%	57.65%	31	499	(13)
Sogécap	100.00%	100.00%	33	829	(33)
Other entities	-	-	165	840	(58)
TOTAL	**-**	**-**	**697**	**5,796**	**(226)**

SUMMARISED FINANCIAL INFORMATION FOR MAIN NON-CONTROLLING INTERESTS

The information below are the data of the entities or subgroups (excluding Sogécap) taken at 100% and before the elimination of intra-group operations.

	31.12.2022			
(In EURm)	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
Komerčni banka A.S	1,523	715	793	53,209
BRD – Groupe Société Générale S.A.	667	272	(64)	14,449
Groupe ALD	2,620	1,255	1,338	57,929
SG Marocaine de Banques	445	102	39	10,169

	31.12.2021			
(In EURm)	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
Komerčni banka A.S	1,173	494	815	49,158
BRD – Groupe Société Générale S.A.	600	247	(26)	13,539
Groupe ALD	1,812	886	903	48,794
SG Marocaine de Banques	438	79	119	9,820

NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

SUMMARISED FINANCIAL INFORMATION

	Joint ventures		Associates		Total investments accounted for using the equity method	
(In EURm)	2022	2021	2022	2021	2022	2021
Group share:						
Net income	6	4	9	2	15	6
Unrealised or deferred gains and losses (net of tax)	-	-	-	-	-	-
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES	**6**	**4**	**9**	**2**	**15**	**6**

COMMITMENTS TO RELATED PARTIES

As at 31 December 2022, the Group has no commitments with related parties linked to associates and joint ventures.

NOTE 2.3.4 RESTRICTIONS SIGNIFICANT RESTRICTIONS ON THE ABILITY TO ACCESS OR USE THE ASSETS OF THE GROUP

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency (as it is the case in countries belonging to the West African Economic and Monetary Union or to the Economic and Monetary Community of Central Africa), liquidity ratios (as in the United States) or large exposures ratios that aim to cap the entity's exposure in relation to the Group (regulatory requirement to be fulfilled in most countries in Eastern and Central Europe, Maghreb and sub-Saharan Africa). Since May 2022, Russia has implemented new restrictions described in Note 1 – paragraph 6.

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, notably guarantees provided to the central banks, or assets pledged as security for transactions in financial instruments, mainly through guarantee deposits with clearing houses;
- securities that are sold under repurchase agreements or that are lent;
- assets held by insurance subsidiaries in representation of unit-linked liabilities with life-insurance policyholders;
- assets held by consolidated structured entities for the benefit of the third-party investors that have bought the notes or securities issued by the entity;
- mandatory deposits placed with central banks.

NOTE 2.4 Unconsolidated structured entities

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicles).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shiping or real estate finance facilities.

Asset management includes mutual funds managed by the Group's asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature.

NOTE 2.4.1 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments regardless of their rank of subordination;
- other funding (loans, cash facilities, loan commitments, liquidity facilities);
- credit enhancement (guarantees, subordinated instruments, credit derivatives…);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

	Asset financing		Asset management		Others	
(In EURm)	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total balance sheet[1] of the entity	**5,898**	**6,018**	**18,090**	**17,635**	**23,085**	**23,932**
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	**2,646**	**2,650**	**2,579**	**4,659**	**8,719**	**8,512**
Financial assets at fair value through profit or loss	138	269	2,377	4,445	1,181	979
Financial assets at fair value through other comprehensive income	-	-	-	-	51	52
Financial assets at amortised cost	2,503	2,377	43	54	7,486	7,480
Others	5	4	159	160	1	1
Liabilities	**1,419**	**1,490**	**2,941**	**4,242**	**1,410**	**1,814**
Financial liabilities at fair value through profit or loss	99	115	2,530	3,715	175	973
Due to banks and customer deposits	1,257	1,338	384	498	1,235	841
Others	63	37	27	29	-	-

(1) For Asset management: NAV (Net Asset Value) of funds.

The group may grant to these entities repayable advances related to the establishment of working capital, which remain insignificant.

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2022, does not intend to provide such support.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as:

	Asset financing		Asset management		Others	
(In EURm)	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	2,538	2,475	4,340	5,096	1,932	1,851
Fair value of derivative financial assets recognised in the balance sheet	59	195	620	1,838	346	372
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	367	112	112	461	1,498	2,331
Maximum exposure to loss	**2,964**	**2,782**	**5,072**	**7,395**	**3,776**	**4,554**

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 1,289 million and mainly concern Others (including Securitisation and Issuing vehicles).

NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity’s performance (in particular *via* capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

As at 31 December 2022, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 4,275 million.

In 2022, no significant revenue has been recognised for theses structured entities.

NOTE 2.5 Non-current assets held for sale and related debt

ACCOUNTING PRINCIPLES

A non-current asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered through a sale and not through its continuing use. For this classification to apply, the asset or group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group if assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be measured at a price that is reasonable in relation to its current fair value.

Assets and liabilities into this category are classified as Non-current assets held for sale and Non-current liabilities held for sale, with no netting.

If the fair value less selling costs of non-current assets and groups of assets and liabilities held for sale is less that their net carrying value, an impairment is then recognised in profit or loss. Moreover, Non-current assets held for sale are no longer amortised or depreciated.

(In EURm)	31.12.2022	31.12.2021
Assets	**1,081**	**27**
Fixed assets and Goodwill	839	26
Financial assets	95	-
Due from banks	*93*	-
Customer loans	*2*	-
Other assets	147	1
Liabilities	**220**	**1**
Allowances	-	1
Financial liabilities	57	-
Financial liabilities at fair value through profit or loss	*1*	-
Due to banks	*56*	-
Other liabilities	163	-

As at 31 December 2022, the Non-current assets held for sale and Non-current liabilities held for sale items encompass the assets and liabilities related to motor vehicle rental activity, of which mainly those of entities SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA in Portugal, ALD AUTOMOTIVE AS in Norway and MERRION FLEET MANAGEMENT LIMITED in Ireland. Indeed, the acquisition of LeasePlan by ALD has been approved by the European Commission subject to the sale of the motor vehicle rental activities of ALD Automotive in Portugal, Norway, Ireland and LeasePlan in Czech Republic, in Finland and in Luxembourg.

NOTE 3 FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

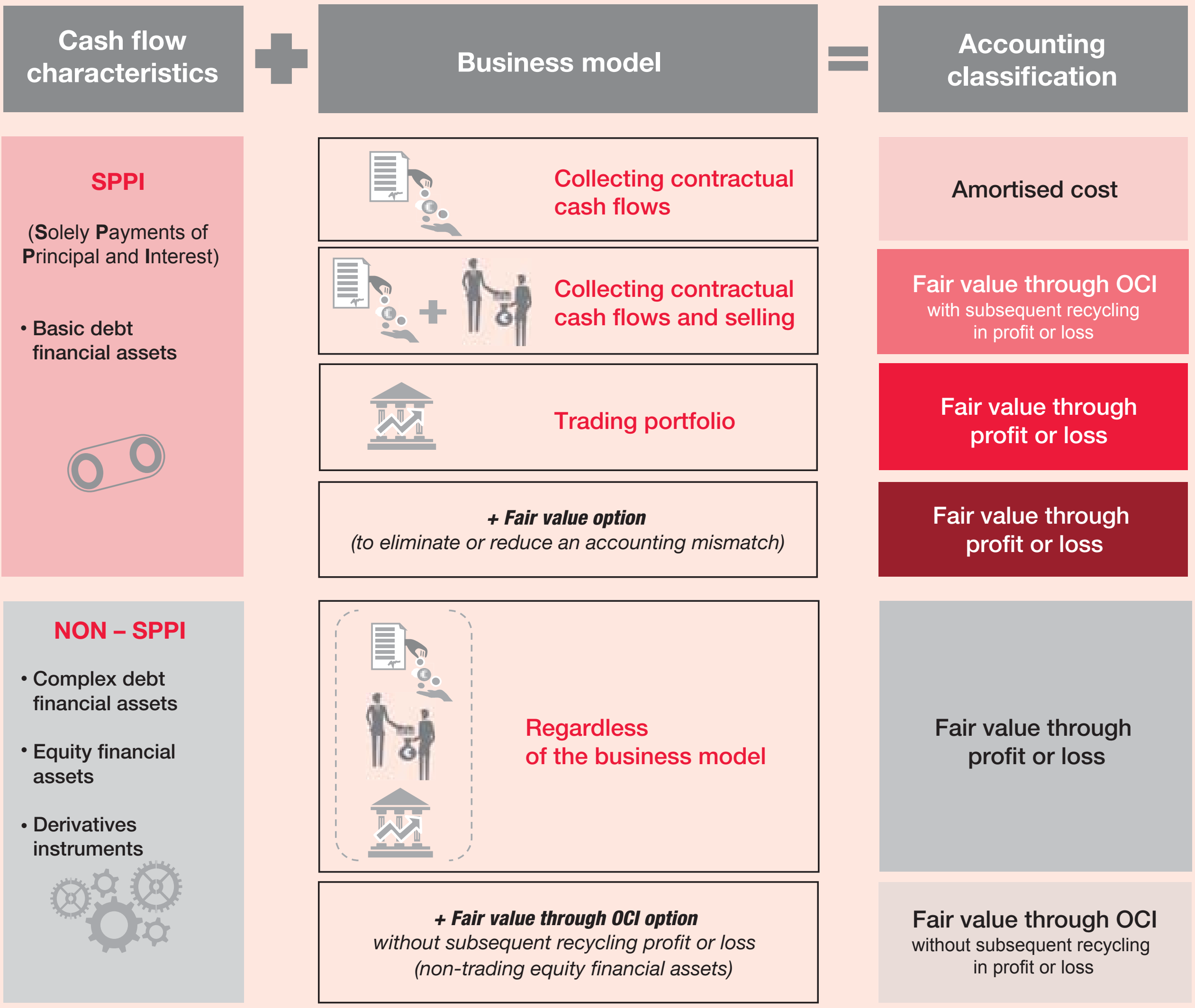
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

Classification of financial assets

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



The accounting principles for classifying the financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

ANALYSIS OF CONTRACTUAL CASH FLOW CHARACTERISTICS

The aim of the analysis of contractual cash flow characteristics is to limit the option of recognising revenues from financial assets using the effective interest method exclusively to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

The contractual inflows that represent Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision on a security-by-security basis, to classify and measure any equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends on these instruments will be recognised as income).

ANALYSIS OF THE BUSINESS MODEL

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's Management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows on financial assets and selling these financial assets ("Collect and Sell" business model);
- a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

FAIR VALUE OPTION

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of the related financial assets and liabilities (accounting mismatch).

Classification of financial liabilities

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

- financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial assets and liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

Reclassifications of financial assets

Reclassifications of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

Initial recognition

Financial assets are recognised on the balance sheet:

- as at the settlement/delivery date for securities;
- as at the trade date for derivatives;
- as at the disbursement date for loans.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in net income or in other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

Upon initial recognition, the financial assets and liabilities are measured at fair value including the transaction costs directly attributable to their acquisition or issuance, except for the financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss.

For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party (“pass-through agreement”) and for which it has transferred substantially all of the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all of the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the transfer of the asset. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in said asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in profit or loss on the prepayment date in Interest and similar income.

The Group derecognises all or part of a financial liability when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

Foreign exchange transactions

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity’s functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised under Net gains and losses on financial instruments at fair value through profit or loss.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.2).

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity’s functional currency at the prevailing spot exchange rate. Foreign exchanges losses or gains are recognised either in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss, or under other comprehensive income (Unrealised and deferred gains and losses), depending on the accounting of the gains or losses relative to these assets/liabilities.

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the entity’s functional currency at the historical exchange rate on initial recognition.

TREATMENTS OF THE CHANGES IN THE BASIS FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS AND LIABILITIES – IBOR REFORM

In the context of the reference interest rates reform (IBOR reform) the basis for determining the contractual cash flows of a financial asset or liability may be modified:

- either by amending the contractual terms and conditions set during the initial recognition of the financial instrument (example: when the agreement is renegotiated, the contractual terms and conditions are amended to replace the initial reference interest rate by an alternative one);
- either by applying the appropriate external disposals without requiring a change in contractual terms (example: the adoption of European regulations requiring the migration of all contracts still indexed to Libor CHF and Eonia in the European Union respectively on 1 January and 3 January 2022); or
- as a result of the activation of an existing contractual term or condition (example: application of the contractual rate replacement provision, or “Fallback”).

If, in the context of the reference interest rates reform (IBOR reform), there is a change in the basis for determining the contractual cash flows of a financial asset or liability at amortised cost or of a financial asset at fair value through other comprehensive income, the modification is considered a simple forward-looking update of the interest rate applied to determine the interest income or expense and does not generate a gain or loss in the income statement.

This treatment depends on compliance with the following conditions:

- a change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

The cases giving rise to a new basis for determining the contractual cash flows considered economically equivalent to the former basis are, for example:

- the replacement of an existing reference interest rate used to determine the contractual cash flows of a financial asset or liability by an alternative reference interest rate (or by changing the method used to determine the reference interest rate in question) and the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- the addition of a Fallback provision to the contractual terms and conditions of a financial asset or liability to allow for the implementation of the changes described above;
- changes in the determination of the amount of interest resulting from the use of a new reference interest rate (rate revision procedure, number of days between interest payment dates…).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated according to the principles usually applicable to changes in financial instruments.

METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Group has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations (in France, for example, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding), or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Some loans are prepayable at their current fair value, while others can be prepayable at an amount that includes the fair value cost to terminate an associated hedging swap. It is possible to consider such prepayment amounts as SPPI provided that they reflect the effect of changes in the relevant benchmark interest rate.

Basic financial assets (SPPI) are debt instruments which mainly include:

- fixed-rate loans;
- variable-rate loans that can include caps or floors;
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities);
- securities purchased under resale agreements (reverse repos);
- guarantee deposits paid;
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum.

Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.).
- Structured instruments whose cash flows are indexed, in part or in whole, to a benchmark index.

The Basic financial assets (SPPI) held by the Group include the financing of sustainable development projects (labelled Environment Social and Governance) in the form of Sustainability-linked bonds, social bonds and Green bonds with SPPI-compliant contractual cash flows.

Non-basic financial assets (non-SPPI) include the structured instruments whose cash flows are indexed, in whole or in part, to an index that is not specific to the issuer, such as an ESG market index.

Impact loans have been granted by the Group to support enterprises in their sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). As a result of their analysis, these loans have been classified as basic financial assets (SPPI) provided that their flows meet the SPPI criteria and the ESG component fulfills the *de minimis* criterion.

During the second half of 2022, the IASB decided to propose amendments to the IFRS 9 Implementation Guidance regarding classification as SPPI as well as new information to be disclosed for the financial instruments whose contractual conditions may change the timetable or the amount of contractual cash flows depending on a potential event. The objective of the project is to clarify how the SPPI qualification criteria apply to financial assets with ESG factors or similar characteristics. The IASB intends to issue an exposure-draft during the first half of 2023.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a "look-through approach" to identify the underlying instruments that are creating the cash flows.

The data presented in Note 3 exclude the financial instruments of insurance subsidiaries; the data for insurance subsidiaries are presented in Note 4.3.

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

OVERVIEW

	31.12.2022		31.12.2021	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Trading portfolio	310,087	234,851	319,789	243,112
Financial assets measured mandatorily at fair value through profit or loss	18,003		21,356	
Financial instruments measured at fair value through profit or loss using the fair value option	1,347	65,767	1,569	64,451
TOTAL	**329,437**	**300,618**	**342,714**	**307,563**
o/w securities purchased/sold under resale/repurchase agreements	*122,786*	*103,365*	*81,313*	*84,797*

NOTE 3.1.1 TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading book contains the financial assets and liabilities held or accrued for the purpose of capital markets activities.

This portfolio also includes, among other trading assets, the physical stocks of raw materials that the Group might hold a market-maker on commodity derivatives.

Derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value as at the closing date and recognised in the balance sheet under Financial assets or liabilities at fair value through profit or loss. The changes in fair value and revenues associated to those instruments are recorded in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired for the purpose of selling or repurchasing it in the near term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Global market activities

The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.

It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.

Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 3.1.2).

ASSETS

(In EURm)	**31.12.2022**	**31.12.2021**
Bonds and other debt securities	26,022	22,480
Shares and other equity securities	74,387	108,858
Securities purchased under resale agreements	122,752	81,282
Trading derivatives[1]	75,934	100,355
Loans, receivables and other trading assets	10,992	6,814
TOTAL	**310,087**	**319,789**
o/w securities lent	*12,455*	*14,370*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In EURm)	**31.12.2022**	**31.12.2021**
Amounts payable on borrowed securities	51,101	45,821
Bonds and other debt instruments sold short	5,187	3,630
Shares and other equity instruments sold short	1,244	838
Securities sold under repurchase agreements	102,678	84,729
Trading derivatives[1]	72,068	106,607
Borrowings and other trading liabilities	2,573	1,487
TOTAL	**234,851**	**243,112**

(1) See Note 3.2 Financial derivatives.

NOTE 3.1.2 FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments);
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These assets are recorded at fair value in the balance sheet under Financial assets at fair value through profit or loss and changes in the fair value of these instruments (excluding interest income) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss.

(In EURm)	31.12.2022	31.12.2021
Bonds and other debt securities	195	193
Shares and other equity securities	2,816	2,769
Loans, receivables and securities purchased under resale agreements	14,992	18,394
TOTAL	**18,003**	**21,356**

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(In EURm)	31.12.2022	31.12.2021
Short-term loans	1,500	1,257
Equipment loans	11,338	14,881
Other loans	2,154	2,256
TOTAL	**14,992**	**18,394**

The loans and receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss are mainly:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans that include indexation clauses that do not permit to recognise as basic loans (SPPI).

NOTE 3.1.3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION

ACCOUNTING PRINCIPLES

In addition to the financial assets and liabilities held for trading, and the financial assets measured mandatorily at fair value through profit or loss, the same items in the financial statements include the non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss, except the share related to the Group's own credit risk on financial liabilities which is booked under Unrealised or deferred gains and losses.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, any gains and losses, related to the Group's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

ASSETS

(In EURm)	31.12.2022	31.12.2021
Bonds and other debt securities	112	4
Loans, receivables and securities purchased under resale agreements	55	58
Separate assets for employee benefits plans	1,180	1,507
TOTAL	**1,347**	**1,569**

(1) Including, as at 31 December 2022, EUR 1,002 million of separate assets for defined post-employment benefits compared to EUR 1,331 million as at 31 December 2021 (see Note 5.2).

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale group.

	31.12.2022		31.12.2021	
(In EURm)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	65,767	67,312	64,451	65,547

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated an equity gain of EUR 671 million before tax in 2022. As at 31 December 2022, the total amount of changes in fair value attributable to own credit risk represents a total gain of EUR 326 million before tax.

NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EURm)	2022	2021
Net gain/loss on trading portfolio (excluding derivatives)	(5,650)	20,580
Net gain/loss on financial instruments at fair value through profit or loss[1]	(2,006)	(1,401)
Net gain/loss on financial instruments measured using fair value option	2,806	(3,143)
Net gain/loss on derivative instruments	11,925	(10,993)
Net gains/loss on hedging instruments[2]	(237)	(9)
Net gain/loss on fair value hedging derivatives	*(16,246)*	*(5,741)*
Revaluation of hedged items attributable to hedged risks[3]	*16,019*	*5,732*
Ineffective cut of the cash flow hedges	*(10)*	*(0)*
Net gain/loss on foreign exchange transactions	(123)	670
TOTAL	**6,715**	**5,704**
o/w gains on financial instruments at fair value through other comprehensive income	*99*	*113*

(1) This item includes realised and unrealised gains and losses on debt and equity instruments, with the exception of the income component of debt instruments representative of an interest rate, which is recorded under net interest margin (see Note 3.7).

(2) This item includes only the net gain/loss on hedging transactions related to financial instruments. For the hedging transactions related to non-financial assets and liabilities, the net gain/loss on hedging transactions is included under the income statement of the hedged item.

(3) This item includes the revaluation of fair value hedged items, including the change in revaluation differences in portfolios hedged against interest rate risk.

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

NOTE 3.2 Financial derivatives

MAKING IT SIMPLE

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as are their forms (forward contracts, swaps, calls and puts…).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the hedge accounting method allows for the linking of the fair value adjustment of hedging derivatives with the accounting treatment of the transactions and hedged instruments in order to eliminate or reduce volatility in the income statement.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to a change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives, unless they are designated as hedging instruments for accounting purposes.

Special case – Derivatives having Societe Generale shares as their underlying instrument

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward purchases of Societe Generale shares, a debt is recognised for the value of the notional amount with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions. The host contract is classified under one of the financial liability categories measured at amortised cost.

NOTE 3.2.1 TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Changes in the fair value of financial derivatives involving counterparties that subsequently proved to be in default are recorded under Net gains and losses on financial instruments at fair value through profit or loss until the termination date of these instruments. On this termination date, the receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under Cost of risk in the income statement.

FAIR VALUE

	31.12.2022		31.12.2021	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	34,167	23,163	56,560	51,181
Foreign exchange instruments	24,272	25,341	18,404	19,320
Equities & index instruments	15,513	21,191	24,186	33,779
Commodities instruments	199	154	279	311
Credit derivatives	1,756	1,439	921	1,179
Other forward financial instruments	27	781	5	837
TOTAL	**75,934**	**72,069**	**100,355**	**106,607**

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2022	31.12.2021
Interest rate instruments	**9,757,261**	**9,807,443**
Firm instruments	7,998,484	8,155,415
Swaps	*6,412,207*	*7,013,837*
FRAs	*1,586,277*	*1,141,578*
Options	1,758,777	1,652,028
Foreign exchange instruments	**4,162,947**	**3,379,742**
Firm instruments	3,046,929	2,617,178
Options	1,116,018	762,564
Equity and index instruments	**791,814**	**838,749**
Firm instruments	138,533	144,592
Options	653,281	694,157
Commodities instruments	**20,714**	**24,539**
Firm instruments	20,472	24,372
Options	242	167
Credit derivatives	**170,225**	**177,923**
Other forward financial instruments	**28,066**	**31,022**
TOTAL	**14,931,027**	**14,259,418**

NOTE 3.2.2 HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments do not qualify for hedge accounting regardless of their accounting category.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments to be hedged.

To designate an instrument as a hedging derivative, the Group documents the hedging relationship in detail, from inception. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under Hedging derivatives.

Fair value hedges

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income / Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for the gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed *via* a sensitivity analysis based on probable market trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

Cash flow hedges

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed interest rates, future exchange rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed *via* a sensitivity analysis based on probable market input trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as Unrealised or deferred gains and losses for their effective portion, while the ineffective portion is recognised under Net gains and losses on financial instruments at fair value through profit or loss. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under Interest and similar income / Interest and similar expense symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold or if the future transaction hedged is no more probable, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be expected, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

The purpose of a hedging of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The hedge of a net investment in a foreign operation follows the same accounting principles as the cashflow hedge relationships. Thus, the effective portion of the changes in fair value of a hedging derivative designated for accounting purposes as the hedge of a net investment is recognised in equity under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Gains and losses on financial instruments at fair value through profit or loss.

Portfolio hedges (macro-hedge)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities. In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges, depending on the Group entities.

Group entities documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, apply the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss.

Group entities documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Group result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

TREATMENT OF THE CHANGES IN THE BASIS USED FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF THE COMPONENTS OF A HEDGING RELATIONSHIP – IBOR REFORM

NON-DISCONTINUATION OF HEDGING RELATIONSHIPS

The documentation of the existing hedging relationships shall be updated to reflect the changes brought about by the reform of the reference interest rate (IBOR reform) on the basis for determining the contractual cash flows of the hedged items and/or of the hedging instruments.

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge as long as they meet the following conditions:

- the change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

When those conditions are met, the update of the hedging documentation only consist in:

- designate the alternative reference interest rate (contractually or non-contractually specified) as a hedged risk;
- update the description of the hedged item, including a description of the hedged portion of cash flows or of the fair value;
- update the description of the hedging instrument;
- update the description of the method used to assess the effectiveness of the hedge.

These updates are performed as and when changes are made to the hedged items or the hedging instruments but before the end of the reporting period during which the change was made; an accounting hedge may be updated several successive times.

Changes not directly resulting from the application of the IBOR reform and impacting the basis used for determining the contractual cash flows of the hedging relationship components or the hedging documentation are analysed beforehand in order to confirm compliance with the qualifying criteria for hedge accounting.

SPECIFIC ACCOUNTING TREATMENTS

Regarding fair value hedges and cash flow hedges, the applicable accounting requirements remain unchanged for the recognition of gains and losses resulting from the reassessment of the hedged component and the hedging instrument taking account of the changes described above.

For the purpose of the retrospective effectiveness assessment, the cumulative fair value changes may be reset to zero on a case by case basis for each hedging relationship modified.

With regard to hedged cash flows, when the benchmark rate on which the future hedged cash flows were based changes, the amounts of gains or losses recorded for the hedging instrument are carried in equity until the recording in the income statement of the adjusted hedged cash flows as long as the transaction remains highly probable.

An alternative reference interest rate used as a risk component not specified by an agreement (example, a 3-month alternative reference interest rate used to determine the fixed rate of a loan and for which the Group intends to hedge the changes in value) may be used, provided it is, as reasonably expected, separately identifiable (*i.e.*, quoted on a sufficiently liquid market) in the 24 months after its first use.

FAIR VALUE

	31.12.2022		31.12.2021	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Fair value hedge	**32,272**	**45,539**	**12,823**	**10,171**
Interest rate instruments	32,252	45,538	12,786	10,141
Foreign exchange instruments	20	1	36	30
Equity and index Instruments	-	-	1	-
Cash flow hedge	**349**	**511**	**311**	**61**
Interest rate instruments	300	443	253	26
Foreign exchange instruments	43	51	24	33
Equity and index Instruments	6	17	34	2
Net investment hedge	**229**	**114**	**105**	**193**
Foreign exchange instruments	229	114	105	193
TOTAL	**32,850**	**46,164**	**13,239**	**10,425**

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

As at 31 December 2022, the revaluation differences on macro-hedged fixed-rate assets portfolios and fixed-rate liabilities portfolios have become negative as a result of the interest rate raise observed during the period. On the asset side of the balance sheet, the revaluation difference on portfolios hedged against interest rate risk amounts to EUR -2,262 million as at 31 December 2022 (compared to EUR +131 million as at 31 December 2021); and on the liabilities side, the revaluation differences on portfolios hedged against interest rate risk amounts to EUR -9,659 million as at 31 December 2022 (against EUR +2,832 million as at 31 December 2021).

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2022	31.12.2021
Interest rate instruments	**861,523**	**981,765**
Firm instruments	861,181	978,728
Swaps	*728,373*	*696,716*
FRAs	*132,808*	*282,012*
Options	342	3,037
Foreign exchange instruments	**8,333**	**9,245**
Firm instruments	8,333	9,245
Equity and index instruments	**179**	**160**
Firm instruments	179	160
TOTAL	**870,035**	**991,170**

IBOR REFORM

The notional amounts of the hedging instruments affected by the amendments to IAS 39, introduced in the context of the rate reform and aimed at not taking into account the uncertainties associated with the reform in order to meet certain criteria required in terms of hedge accounting, amounted to the following:

	31.12.2022	
(In EURm)	**Fair value hedge**	**Cash flow hedge**
Libor	20,547	2,283
of which Libor USD	*20,547*	*2,283*
TOTAL	**20,547**	**2,283**

USD Libor contracts which have a maturity date prior to 30 June 2023 amount to EUR 398 million.

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

These items are presented according to the contractual maturity of the financial instruments.

(In EURm)	**Up to 3 months**	**From 3 months to 1 year**	**From 1 year to 5 years**	**Over 5 years**	**31.12.2022**
Interest rate instruments	108,878	193,268	290,166	269,211	861,523
Foreign exchange instruments	2,054	5,683	579	17	8,333
Equity and index instruments	85	35	58	1	179
TOTAL	**111,017**	**198,986**	**290,803**	**269,229**	**870,035**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2022		
(In EURm)	**Carrying amount**	**Cumulative change in the fair value[1]**	**Change in the fair value booked during the period[1]**
Hedge of interest rate risk			**16,019**
Hedged assets	86,051	(3,613)	(4,637)
Due from banks, at amortised cost	*1,282*	*(100)*	*(102)*
Customer loans, at amortised cost	*8,074*	*(316)*	*(638)*
Securities at amortised cost	*1,827*	*(257)*	*(100)*
Financial assets at fair value through other comprehensive income	*27,502*	*(678)*	*(1,654)*
Customer loans (macro hedged)[1]	*47,366*	*(2,262)*	*(2,143)*
Hedged liabilities	201,845	(17,353)	20,656
Debt securities issued	*43,501*	*(4,195)*	*4,354*
Due to banks	*18,744*	*(1,933)*	*2,034*
Customer deposits	*10,341*	*(90)*	*197*
Subordinated debts	*13,434*	*(1,476)*	*1,760*
Customer deposits (macro hedged)[2]	*115,825*	*(9,659)*	*12,311*
Hedge of currency risk			**(1)**
Hedged liabilities	192	2	(1)
Subordinated debts	*192*	*2*	*(1)*
Hedge of equity risk			**-**
Hedged liabilities	4	-	-
Other liabilities	*4*	*-*	*-*
TOTAL			**16,018**

(In EURm)	31.12.2021		
	Carrying amount	Cumulative change in the fair value(1)	Change in the fair value booked during the period(1)
Hedge of interest rate risk			**5,732**
Hedged assets	68,184	1,431	(1,154)
Due from banks, at amortised cost	*1,204*	*20*	*(22)*
Customer loans, at amortised cost	*7,096*	*227*	*(199)*
Securities at amortised cost	*1,547*	*(153)*	*(186)*
Financial assets at fair value through other comprehensive income	*29,893*	*1,207*	*(480)*
Customer loans (macro hedged)(1)	*28,444*	*130*	*(267)*
Hedged liabilities	188,916	3,429	6,886
Debt securities issued	*46,226*	*130*	*1,148*
Due to banks	*13,511*	*104*	*339*
Customer deposits	*1,543*	*103*	*67*
Subordinated debts	*14,815*	*260*	*468*
Customer deposits (macro hedged)(2)	*112,821*	*2,832*	*4,864*
Hedge of currency risk			**(1)**
Hedged liabilities	472	35	(1)
Subordinated debts	*472*	*35*	*(1)*
Hedge of equity risk			**1**
Hedged liabilities	1	-	1
Other liabilities	*1*	*-*	*1*
TOTAL			**5,732**

(1) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedging instrument. This change is excluding accrued interests for the items hedged against interest rate risk.

(2) The carrying amount of the macro-hedged items represents the sum of the hedged outstanding and the revaluation differences on portfolios hedged against interest rate risk.

At 31 December 2022, EUR 389 million of cumulative changes in fair value were still to be amortised because of the disappearance of the hedged item. This amount is mainly related to interest rate risk hedging.

FAIR VALUE HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2022				
		Fair value(1)			
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Change in fair value booked during the period	Ineffectiveness recognised during the period
Hedge of interest rate risk	**314,235**	**32,252**	**45,538**	**(16,246)**	**(227)**
Firm instruments – Swaps	313,893	32,215	45,538	(16,251)	(227)
For hedged assets	*37,495*	*2,187*	*1,259*	*2,432*	*(62)*
For hedged portfolios of assets (macro hedge)(2)	*45,575*	*2,811*	*712*	*2,200*	*61*
For hedged liabilities	*105,049*	*825*	*8,235*	*(8,621)*	*(274)*
For hedged portfolios of liabilities (macro hedge)(2)	*125,774*	*26,392*	*35,332*	*(12,262)*	*48*
Options	342	37	-	5	-
For hedged portfolios of assets (macro hedge)(2)	*342*	*37*	*-*	*5*	*-*
Hedge of currency risk	**192**	**20**	**1**	**1**	**-**
Firm instruments	192	20	1	1	-
For hedged liabilities	*192*	*20*	*1*	*1*	*-*
Hedge of equity risk	**4**	**-**	**-**	**(1)**	**(1)**
Options	4	-	-	(1)	(1)
For hedged liabilities	*4*	*-*	*-*	*(1)*	*(1)*
TOTAL	**314,431**	**32,272**	**45,539**	**(16,246)**	**228**

	31.12.2021				
		Fair value(1)			
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Change in fair value booked during the period	Ineffectiveness recognised during the period
Hedge of interest rate risk	**251,936**	**12,786**	**10,140**	**(5,741)**	**(9)**
Firm instruments – Swaps	248,899	12,785	10,103	(5,743)	(9)
For hedged assets	*36,082*	*218*	*2,249*	*891*	*4*
For hedged portfolios of assets (macro hedge)(2)	*24,739*	*196*	*124*	*239*	*(26)*
For hedged liabilities	*77,735*	*1,726*	*598*	*(1,987)*	*35*
For hedged portfolios of liabilities (macro hedge)(2)	*110,343*	*10,645*	*7,132*	*(4,886)*	*(22)*
Options	3,037	1	37	2	-
For hedged portfolios of assets (macro hedge)(2)	*3,037*	*1*	*37*	*2*	*-*
Hedge of currency risk	**463**	**36**	**30**	**1**	**-**
Firm instruments	463	36	30	1	-
For hedged liabilities	*463*	*36*	*30*	*1*	*-*
Hedge of equity risk	**3**	**-**	**-**	**(1)**	**-**
Options	3	-	-	(1)	-
For hedged liabilities	*3*	*-*	*-*	*(1)*	*-*
TOTAL	**252,402**	**12,822**	**10,170**	**(5,741)**	**(9)**

(1) The fair value of interest rate hedging derivatives includes accrued interests.
(2) For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments. This position should be linked with the carrying amount of the hedged items which represents the hedged exposure.

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

	31.12.2022	31.12.2021
(In EURm)	**Change in the fair value**	**Change in the fair value**
Hedge of interest rate risk	**363**	**69**
Hedged assets	(52)	(9)
Financial assets at fair value through other comprehensive income	*(53)*	*4*
Customer loans (macro hedged)	*1*	*(13)*
Hedged liabilities	415	78
Debt securities issued	*(110)*	*(6)*
Due to banks	*(51)*	*(60)*
Customer deposits (macro hedged)	*576*	*144*
Hedge of currency risk	**(55)**	**(27)**
Hedged liabilities	(54)	(19)
Subordinated debts	*(54)*	*(19)*
Forecast transactions	(1)	(8)
Hedge of equity risk	**43**	**(69)**
Forecast transactions	43	(69)
TOTAL	**351**	**(27)**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2022					
		Fair value		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Portion booked in unrealised or deferred fains and losses	Inefectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**11,453**	**300**	**443**	**(363)**	**(10)**	**(204)**
Firm instruments – Swaps	11,445	300	443	(363)	(10)	(204)
For hedged assets	*9*	*1*	-	*(0)*	-	*(0)*
For hedged portfolio of assets (macro hedge)[1]	*1 185*	*39*	-	*52*	*(8)*	*46*
For hedged liabilities	*10,251*	*260*	*443*	*(415)*	*(2)*	*(250)*
Firm instruments – FRAs	8	-	-	-	-	-
For hedged liabilities	*8*	-	-	-	-	-
Hedge of currency risk	**1,827**	**43**	**51**	**55**	**10**	**-**
Firm instruments	1,827	35	42	55	10	-
For hedged assets	*1,008*	*12*	*20*	-	-	-
For hedged liabilities	*213*	*16*	*3*	*54*	-	-
For hedged future transactions	*606*	*7*	*19*	*1*	*10*	-
Non-derivative financial instruments	-	8	9	(0)	-	-
For hedged future transactions	-	*8*	*9*	*(0)*	-	-
Hedge of equity risk	**175**	**6**	**17**	**(43)**	**-**	**(6)**
Options	175	6	17	(43)	-	(6)
For hedged future transactions	*175*	*6*	*17*	*(43)*	-	*(6)*
TOTAL	**13,455**	**349**	**511**	**(351)**	**-**	**(210)**

	31.12.2021					
		Fair value		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liabilities	Portion booked in unrealised or deferred fains and losses	Ineffective-ness recognised during the period	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**11,557**	**253**	**26**	**(68)**	**-**	**187**
Firm instruments – Swaps	11,545	253	26	(68)	-	187
For hedged assets	*176*	*1*	*-*	*(3)*	*-*	*-*
For hedged portfolio of assets (macro hedge)(1)	*1,169*	*1*	*11*	*13*	*-*	*(5)*
For hedged liabilities	*10,200*	*251*	*15*	*(78)*	*-*	*192*
Firm instruments – FRAs	12	-	-	-	-	-
For hedged liabilities	*12*	*-*	*-*	*-*	*-*	*-*
Hedge of currency risk	**2,148**	**33**	**34**	**23**	**5**	**16**
Firm instruments	2,148	33	34	23	5	16
For hedged assets	*-*	*-*	*-*	*-*	*-*	*-*
For hedged liabilities	*1,465*	*25*	*30*	*19*	*-*	*18*
For hedged future transactions	*683*	*8*	*4*	*4*	*5*	*(2)*
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	*-*	*-*	*-*	*-*	*-*	*-*
Hedge of equity risk	**157**	**35**	**2**	**69**	**9**	**7**
Options	157	35	2	69	9	7
For hedged future transactions	*157*	*35*	*2*	*69*	*9*	*7*
TOTAL	**13,862**	**321**	**62**	**24**	**14**	**210**

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivative position in order to represent the economic exposure from these instruments.

In 2022, EUR 128 million of unrealised or deferred gains and losses were transferred to net income, following the accounting of hedged the cash flows in the income statement including the impact linked to Rosbank sales for EUR 101 million.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2022		31.12.2021	
(In EURm)	Change in the fair value of the hedged item during the period(1)	Cumulative translations differences related to the hedged items	Change in the fair value of the hedged item during the period(1)	Cumulative translations differences related to the hedged items*
Hedge of currency risk	**(77)**	**(298)**	**518**	**(1,166)**
Hedged net investment in GBP	(170)	(268)	220	(98)
Hedged net investment in CZK	76	339	122)	263
Hedged net investment in RUB	106	-	77	(1,050)
Hedged net investment in RON	5	(66)	(17)	(71)
Hedged net investment in USD	(21)	6	32	27
Hedged net investment (other currencies)	(73)	(309)	84	(237)

* *Amounts restated compared to the financial statements published for 2021.*

(1) *Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedged instruments. Negative change in the fair value of the hedged item results in a decrease in the stocks under liabilities.*

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2022					
		Carrying amount(1)		Changes in fair value recorded during the period(2)		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains or losses
Hedge of currency risk	**6,314**	**229**	**2,975**	**76**	**(81)**	**298**
Firm instruments	6,314	229	114	17	(81)	99
Hedged net investment in GBP	*1,320*	*58*	*9*	*48*	*(6)*	*(130)*
Hedged net investment in CZK	*1,352*	*4*	*243*	*(51)*	*(52)*	*(118)*
Hedged net investment in RUB	-	-	-	*(57)*	*20*	-
Hedged net investment in RON	*470*	*2*	*5*	*(5)*	*(5)*	*51*
Hedged net investment in USD	*732*	*49*	*11*	*21*	*(12)*	*27*
Hedged net investment (other currencies)	*2,440*	*116*	*46*	*61*	*(26)*	*269*
Non derivatives instruments	-	-	2,861	59	-	199
Hedged net investment in GBP	-	-	*1,761*	*124*	-	*398*
Hedged net investment in CZK	-	-	*837*	*(25)*	-	*(221)*
Hedged net investment in RUB	-	-	-	*(50)*	-	-
Hedged net investment in RON	-	-	*38*	-	-	*15*
Hedged net investment in USD	-	-	-	-	-	*(33)*
Hedged net investment (other currencies)	-	-	*225*	*10*	-	*40*

	31.12.2021					
		Carrying amount(1)		Changes in fair value recorded during the period(2)		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains or losses*
Hedge of currency risk	**6,898**	**105**	**2,375**	**(519)**	**71**	**1,166**
Firm instruments	6,898	105	193	(282)	71	193
Hedged net investment in 1GBP	*1,358*	*11*	*39*	*(86)*	*22*	*(177)*
Hedged net investment in CZK	*1,420*	*6*	*51*	*(76)*	*11*	*(67)*
Hedged net investment in RUB	*909*	*19*	*28*	*(55)*	*33*	*168*
Hedged net investment in RON	*1,028*	*11*	*-*	*17*	*10*	*56*
Hedged net investment in USD	*(1)*	*15*	*20*	*(16)*	*7*	*6*
Hedged net investment (other currencies)	*2,184*	*43*	*55*	*(66)*	*(12)*	*207*
Non derivatives instruments	-	-	2,182	(237)	-	973
Hedged net investment in GBP	*-*	*-*	*484*	*(134)*	*-*	*274*
Hedged net investment in CZK	*-*	*-*	*869*	*(46)*	*-*	*(196)*
Hedged net investment in RUB	*-*	*-*	*325*	*(22)*	*-*	*883*
Hedged net investment in RON	*-*	*-*	*42*	*1*	*-*	*15*
Hedged net investment in USD	*-*	*-*	*203*	*(16)*	*-*	*(33)*
Hedged net investment (other currencies)	*-*	*-*	*259*	*(20)*	*-*	*31*

* *Amounts restated compared to the financial statements published for 2021.*

(1) *The carrying value equals fair value in the case of derivative instruments and equals amortised cost, translated at the closing date, in the case of loans and borrowings in foreign currencies.*

(2) *A positive change in value reflects a gain.*

NOTE 3.3 Financial assets at fair value through other comprehensive income

OVERVIEW

(In EURm)	31.12.2022	31.12.2021
Debt instruments	37,199	43,180
Bonds and other debt securities	*37,199*	*43,081*
Loans and receivables and securities purchased under resale agreements	*-*	*99*
Shares and other equity securities	264	270
TOTAL	**37,463**	**43,450**
o/w securities lent	*249*	*241*

NOTE 3.3.1 DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

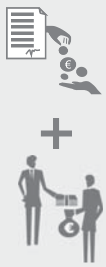
Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Collect and Sell" business model. At the time of original recognition, these financial assets are measured at fair value including the costs directly attributable to their acquisition or subscription.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under Interest and similar income.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HOLD TO COLLECT AND SELL"

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.



Cash management

Within the Group, except for the insurance activities, the "hold to collect and sell" business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a "hold to collect" business model for managing their HQLA securities.

CHANGES OF THE PERIOD

(In EURm)	2022
Balance as at 1 January	**43,180**
Acquisitions/disbursements	28,108
Disposals/redemptions	(32,139)
Change in scope and others	(357)
Changes in fair value during the period	(2,725)
Change in related receivables	13
Translation differences	1,119
Balance as at 31 December	**37,199**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EURm)	31.12.2022	31.12.2021
Unrealised gains	212	334
Unrealised losses	(809)	(200)
TOTAL	**(597)**	**134**

NOTE 3.3.2 EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

Equity instruments (shares and share equivalents), that are not held for trading purposes, can be initially designated by the Group to be measured at fair value through other comprehensive income. This choice made instrument by instrument, is irrevocable.

These equity instruments are then measured at fair value and the changes in fair value are recognised under Unrealised or deferred gains and losses with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to Retained earnings at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, is recorded in profit or loss under Net gains or losses on financial instruments at fair value through other comprehensive income.

The Group chose only in few rare cases to designate equity instruments to be measured at fair value through other comprehensive income.

NOTE 3.4 Fair value of financial instruments measured at fair value

MAKING IT SIMPLE

The financial assets and liabilities recognised in the Group balance sheet are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.9).

If an instrument is quoted on an active market, its fair value is equal to its market price.

But many financial instruments are not listed (for example, most customer loans and deposits, interbank debts and claims, etc.), or are only negotiable on illiquid markets or over-the-counter markets (which is the case for many derivative instruments).

In such situations, the fair value of the instruments is calculated using measurement techniques or valuation models. Market parameters are included in these models and must be observable; otherwise they are determined based on internal estimates. The models and parameters used are subject to independent validations and internal controls.

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

Fair value hierarchy

For information purposes, in the notes to the consolidated financial statements, the fair value of the financial instruments is classified using a fair value hierarchy that reflects the observability level of the inputs used. The fair value hierarchy is composed of the following levels.

LEVEL 1 (L1): INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES

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

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

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

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question. Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

LEVEL 2 (L2): INSTRUMENTS VALUED USING INPUTS OTHER THAN THE QUOTED PRICES INCLUDED IN LEVEL 1 AND THAT ARE OBSERVABLE FOR THE ASSET OR LIABILITY CONCERNED, EITHER DIRECTLY (I.E. AS PRICES) OR INDIRECTLY (I.E. DERIVED FROM PRICES)

These are the instruments measured using a financial model based on market inputs. The inputs used shall be observable in active markets; using some unobservable inputs is possible only if the latter have only a minor impact on the fair value of the instrument. The prices published by an external source, derived from the valuation of similar instruments are considered as data derived from prices.

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

This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted via Credit Default Swap (see Note 3.9).

LEVEL 3 (L3): INSTRUMENTS VALUED USING INPUTS A SIGNIFICANT PART OF WHICH ARE NOT BASED ON OBSERVABLE MARKET DATA (REFERRED TO AS UNOBSERVABLE INPUTS)

Level 3 instruments carried at fair value on the balance sheet are valued using financial models based on market inputs among which those which are unobservable or observable on insufficiently active markets, have a significant impact on the fair value of the financial instrument as a whole.

Accordingly, Level 3 financial instruments include derivatives and repo transactions with longer maturities than those usually traded and/or with specifically-tailored return profiles, structured debts including embedded derivatives valued based on a method using unobservable inputs or long-term equity investments valued based on a corporate valuation method, which is the case for unlisted companies or companies listed on an insufficiently liquid market.

The main L3 complex derivatives are:

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

NOTE 3.4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	31.12.2022				31.12.2021			
(In EURm)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**93,492**	**134,259**	**6,402**	**234,153**	**119,240**	**95,485**	**4,709**	**219,434**
Bonds and other debt securities	23,925	1,939	158	26,022	19,516	2,584	380	22,480
Shares and other equity securities	69,565	4,822	-	74,387	99,721	9,137	-	108,858
Securities purchased under resale agreements	-	116,586	6,166	122,752	-	77,080	4,202	81,282
Loans, receivables and other trading assets	2	10,912	78	10,992	3	6,684	127	6,814
Trading derivatives	**82**	**72,474**	**3,378**	**75,934**	**371**	**96,018**	**3,966**	**100,355**
Interest rate instruments	7	31,689	2,473	34,169	17	53,860	2,683	56,560
Foreign exchange instruments	75	23,751	446	24,272	354	17,817	233	18,404
Equity and index instruments	-	15,406	106	15,512	-	23,613	573	24,186
Commodity instruments	-	199	-	199	-	276	3	279
Credit derivatives	-	1,402	353	1,755	-	447	474	921
Other forward financial instruments	-	27	-	27	-	5	-	5
Financial assets measured mandatorily at fair value through profit or loss	**312**	**13,048**	**4,643**	**18,003**	**169**	**16,727**	**4,460**	**21,356**
Bonds and other debt securities	-	37	157	194	16	45	132	193
Shares and other equity securities	312	245	2,259	2,816	153	368	2,248	2,769
Loans, receivables and securities purchased under resale agreements	-	12,766	2,227	14,993	-	16,314	2,080	18,394
Financial assets measured using fair value option through profit or loss	**107**	**1,240**	**-**	**1,347**	**-**	**1,565**	**4**	**1,569**
Bonds and other debt securities	107	4	-	111	-	-	4	4
Loans, receivables and securities purchased under resale agreements	-	55	-	55	-	58	-	58
Separate assets for employee benefit plans	-	1,181	-	1,181	-	1,507	-	1,507
Hedging derivatives	**-**	**32,850**	**-**	**32,850**	**-**	**13,239**	**-**	**13,239**
Interest rate instruments	-	32,551	-	32,551	-	13,039	-	13,039
Foreign exchange instruments	-	293	-	293	-	165	-	165
Equity and index instruments	-	6	-	6	-	35	-	35
Financial assets measured at fair value through other comprehensive income	**37,066**	**132**	**265**	**37,463**	**42,798**	**380**	**272**	**43,450**
Bonds and other debt securities	37,066	132	1	37,199	42,798	281	2	43,081
Shares and other equity securities	-	-	264	264	-	-	270	270
Loans and receivables	-	-	-	-	-	99	-	99
TOTAL	**131,059**	**254,003**	**14,688**	**399,750**	**162,578**	**223,414**	**13,411**	**399,403**

NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	31.12.2022				31.12.2021			
(In EURm)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio (excluding derivatives)	**6,424**	**152,974**	**3,385**	**162,783**	**4,494**	**129,989**	**2,022**	**136,505**
Amounts payable on borrowed securities	8	51,038	55	51,101	30	45,630	161	45,821
Bonds and other debt instruments sold short	5,172	-	14	5,186	3,626	1	3	3,630
Shares and other equity instruments sold short	1,244	-	-	1,244	838	-	-	838
Securities sold under repurchase agreements	-	99,372	3,307	102,679	-	82,874	1,855	84,729
Borrowings and other trading liabilities	-	2,564	9	2,573	-	1,484	3	1,487
Trading derivatives	**349**	**68,404**	**3,315**	**72,068**	**400**	**101,390**	**4,817**	**106,607**
Interest rate instruments	7	21,106	2,049	23,162	9	48,750	2,422	51,181
Foreign exchange instruments	342	24,728	272	25,342	390	18,719	211	19,320
Equity and index instruments	-	20,465	725	21,190	1	32,124	1,654	33,779
Commodity instruments	-	154	-	154	-	309	2	311
Credit derivatives	-	1,170	269	1,439	-	651	528	1,179
Other forward financial instruments	-	781	-	781	-	837	-	837
Financial liabilities measured using fair value option through profit or loss	**-**	**29,096**	**36,671**	**65,767**	**-**	**27,633**	**36,818**	**64,451**
Hedging derivatives	**-**	**46,164**	**-**	**46,164**	**-**	**10,425**	**-**	**10,425**
Interest rate instruments	-	45,981	-	45,981	-	10,168	-	10,168
Foreign exchange instruments	-	166	-	166	-	255	-	255
Equity and index instruments	-	17	-	17	-	2	-	2
TOTAL	**6,773**	**296,638**	**43,371**	**346,782**	**4,894**	**269,437**	**43,657**	**317,988**

NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

(In EURm)	Balance as at 31.12.2021	Acquisi-tions	Disposals/ redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Transla-tion differen-ces	Change in scope and others	Balance as at 31.12.2022
Trading portfolio (excluding derivatives)	**4,709**	**4,978**	**(2,190)**	**(802)**	**9**	**(351)**	**99**	**(50)**	**6,402**
Bonds and other debt securities	380	599	(787)	(85)	9	29	13	-	158
Securities purchased under resale agreements	4,202	4,379	(1,395)	(717)	-	(381)	78	-	6,166
Loans, receivables and other trading assets	127	-	(8)	-	-	1	8	(50)	78
Trading derivatives	**3,966**	**51**	**(13)**	**(2,094)**	**136**	**1,091**	**241**	**-**	**3,378**
Interest rate instruments	2,683	-	-	(1,960)	105	1,436	209	-	2,473
Foreign exchange instruments	233	1	(2)	(4)	2	212	4	-	446
Equity and index instruments	573	50	(11)	(36)	2	(489)	17	-	106
Commodity instruments	3	-	-	(1)	-	(2)	-	-	-
Credit derivatives	474	-	-	(93)	27	(66)	11	-	353
Financial assets measured mandatorily at fair value through profit or loss	**4,460**	**593**	**(342)**	**(65)**	**-**	**128**	**73**	**(204)**	**4,643**
Bonds and other debt securities	132	52	(29)	-	-	2	-	-	157
Shares and other equity securities	2,248	321	(258)	-	-	158	(6)	(204)	2,259
Loans, receivables and securities purchased under resale agreements	2,080	220	(55)	(65)	-	(32)	79	-	2,227
Financial assets measured using fair value option through profit or loss	**4**	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and other debt securities	4	-	(4)	-	-	-	-	-	-
Loans, receivables and securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value option through other comprehensive income	**272**	**19**	**(1)**	**-**	**-**	**(27)**	**-**	**2**	**265**
Debt instruments	2	-	(1)	-	-	-	-	-	1
Equity instruments	270	19	-	-	-	(27)	-	2	264
TOTAL	**13,411**	**5,641**	**(2,550)**	**(2,961)**	**145**	**841**	**413**	**(252)**	**14,688**

FINANCIAL LIABILITIES

(In EURm)	Balance as at 31.12.2021	Issues	Redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Transla-tion differen-ces	Change in scope and others	Balance as at 31.12.2022
Trading portfolio (excluding derivatives)	**2,022**	**2,920**	**(1,148)**	**-**	**-**	**(320)**	**(89)**	**-**	**3,385**
Amounts payable on borrowed securities	161	-	-	-	-	(105)	-	-	56
Bonds and other debt instruments sold short	3	-	-	-	-	11	-	-	14
Securities sold under repurchase agreements	1,855	2,920	(1,148)	-	-	(232)	(89)	-	3,306
Borrowings and other trading liabilities	3	-	-	-	-	6	-	-	9
Trading derivatives	**4,817**	**493**	**(56)**	**(1,349)**	**110**	**(726)**	**26**	**-**	**3,315**
Interest rate instruments	2,422	1	(1)	(1,116)	67	698	(23)	-	2,048
Foreign exchange instruments	211	1	-	-	-	64	(3)	-	273
Equity and index instruments	1,654	491	(53)	(39)	14	(1,386)	44	-	725
Commodity instruments	2	-	(2)	-	-	-	-	-	-
Credit derivatives	528	-	-	(194)	29	(102)	8	-	269
Financial liabilities measured using fair value option through profit or loss	**36,818**	**20,947**	**(16,442)**	**(1,324)**	**1,621**	**(5,401)**	**452**	**-**	**36,671**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**43,657**	**24,360**	**(17,646)**	**(2,673)**	**1,731**	**(6,447)**	**389**	**-**	**43,371**

NOTE 3.4.4 VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices may be adjusted, if they are not available at the balance sheet date in order to incorporate the events that have an impact on prices and occurred after the closing of the stock markets but before the measurement date or in the event of an inactive market.

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

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

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

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads and liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a system has been in place to identify the new transactions for which CVA/DVA adjustments are significant. These transactions are then classified in Level 3.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and/or backed up by transaction prices.

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

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date.

The significant unlisted securities and the significant securities listed on an illiquid market will be valued primarily by using a developed valuation method: Discounted Cash Flows (DCF) or Discounted Dividend Model (DDM) and/or Market multiples.

For non-significant unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- proportion of net asset value held;
- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.).

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS

The following table provides, for Level 3 instruments, the ranges of values of the most significant unobservable inputs by main product type.

(In EURm)

Cash instruments and derivatives	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs	
				min.	max.
Equities/funds	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	2.4%	89.9%
			Equity dividends	0.0%	11.4%
			Correlations	-81.0%	100.0%
			Hedge fund volatilities	7.6%	20.0%
			Mutual fund volatilities	3.2%	31.5%
Interest rates and Forex	Forex derivatives	Forex option pricing models	Forex volatilities	5.0%	32.0%
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.0%	100.0%
			Recovery rate variance for single name underlyings	0.0%	100.0%
	Other credit derivatives	Credit default models	Time to default correlations	0.0%	100.0%
			Quanto correlations	-50.0%	40.0%
			Credit spreads	0 bps	1,000 bps
Commodities	Derivatives on commodities baskets	Option models on commodities	Correlations	NA	NA
Long term equity investments	Securities held for strategic purposes	Net Book Value/Recent transactions	Not applicable	-	-

The table below shows the valuation of cash and derivative instruments on the balance sheet. When it comes to hybrid instruments, they are broken down according to the main unobservable inputs.

	31.12.2022	
(In EURm)	Assets	Liabilities
Equities/funds	730	24,037
Rates and Forex	11,628	19,065
Credit	353	269
Long term equity investments	1,977	-
TOTAL	**14,688**	**43,371**

NOTE 3.4.6 SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2022 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The "standardised" variation corresponds to the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A "STANDARDISED" VARIATION IN UNOBSERVABLE INPUTS

	31.12.2022		31.12.2021	
(In EURm)	**Negative impact**	**Positive impact**	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(30)**	**82**	**(21)**	**78**
Equity volatilities	-	5	-	12
Dividends	-	20	-	19
Correlations	(30)	56	(20)	44
Hedge Fund volatilities	-	-	-	0
Mutual Fund volatilities	(0)	1	(1)	3
Rates or Forex instruments and derivatives	**(15)**	**28**	**(6)**	**30**
Correlations between exchange rates and/or interest rates	(14)	27	(3)	27
Forex volatilities	(1)	1	(2)	3
Constant prepayment rates	-	-	-	(0)
Inflation/inflation correlations	(0)	0	(1)	0
Credit instruments and derivatives	**-**	**5**	**-**	**8**
Time to default correlations	-	0	-	1
Quanto correlations	-	3	-	4
Credit spreads	-	2	-	3
Commodity derivatives	**NA**	**NA**	**NA**	**NA**
Commodities correlations	NA	NA	NA	NA
Long term securities	**NA**	**NA**	**NA**	**NA**

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as at the computation date based on a "standardised" variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

NOTE 3.4.7 DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

At initial recognition, financial assets and liabilities are measured at fair value, that is to say 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.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

(In EURm)	2022	2021
Deferred margin at 1 January	**1,191**	**1,157**
Deferred margin on new transactions during the period	794	1,053
Margin recorded in the income statement during the period	(737)	(1,019)
o/w amortisation	*(497)*	*(558)*
o/w switch to observable inputs	*(12)*	*(15)*
o/w disposed, expired or terminated	*(228)*	*(446)*
Deferred margin at 31 December	**1,248**	**1,191**

NOTE 3.5 Loans, receivables and securities at amortised cost

OVERVIEW

(In EURm)	31.12.2022 Carrying amount	31.12.2022 *o/w impairment*	31.12.2021 Carrying amount	31.12.2021 *o/w impairment*
Due from banks	66,903	*(39)*	55,972	*(36)*
Customer loans	506,529	*(10,634)*	497,164	*(10,980)*
Securities	21,430	*(63)*	19,371	*(57)*
TOTAL	**594,862**	***(10,736)***	**572,507**	***(11,073)***

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Hold to Collect" business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income are recorded in profit or loss under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in the expected credit losses are recorded in profit or loss under Cost of risk with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), the subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to the interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt at the new market conditions in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the handling and implementation fees associated with the new transaction received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor's investment in the finance lease, the present value of this reduction is recognised as a loss Expenses from other activities in the income statement and as a reduction of the finance lease receivables on the asset side of the balance sheet.

BUSINESS MODEL "HOLD TO COLLECT"

Under this model, financial assets are managed to obtain cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset's credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk, without an increase in the asset's credit risk. The Group has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

Financing activities

Within the Group, the "hold to collect" business model is mainly applied by financing activities managed by French Retail Banking, International Retail Banking and Financial Services and by Global Banking and Investor Solutions, except for the part of syndicated loans that is expected to be sold.

NOTE 3.5.1 DUE FROM BANKS

(In EURm)	31.12.2022	31.12.2021
Current accounts	33,402	26,997
Deposits and loans	15,053	18,123
Securities purchased under resale agreements	17,670	10,184
Subordinated and participating loans	238	99
Related receivables	655	585
Due from banks before impairments(1)	**67,018**	**55,988**
Credit loss impairments	(39)	(36)
Revaluation of hedged items	(76)	20
TOTAL	**66,903**	**55,972**

(1) As at 31 December 2022, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 68 million compared to EUR 46 million as at 31 December 2021. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

NOTE 3.5.2 CUSTOMER LOANS

(In EURm)	31.12.2022	31.12.2021
Overdrafts	29,244	27,013
Other customer loans	444,532	438,165
Lease financing agreements	29,499	30,509
Securities purchased under resale agreements	10,159	8,831
Related receivables	4,045	3,399
Customer loans before impairments(1)	**517,479**	**507,917**
Credit loss impairment	(10,634)	(10,980)
Revaluation of hedged items	(316)	227
TOTAL	**506,529**	**497,164**

(1) As at 31 December 2022, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 15,687 million compared to EUR 16,261 million as at 31 December 2021. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

(In EURm)	31.12.2022	31.12.2021
Trade notes	7,547	9,945
Short-term loans	146,274	144,481
Export loans	13,801	13,220
Equipment loans	70,293	66,183
Housing loans	152,282	151,869
Loans secured by notes and securities	246	204
Other loans	54,089	52,263
TOTAL	**444,532**	**438,165**

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

(In EURm)	31.12.2022	31.12.2021
Gross investments	**31,339**	**32,201**
Amount for the next five years	26,129	26,714
Less than one year	*9,657*	*9,227*
From one to two years	*6,418*	*7,124*
From two to three years	*4,855*	*5,047*
From three to four years	*3,190*	*3,315*
From four to five years	*2,009*	*2,001*
More than five years	5,210	5,487
Present value of minimum payments receivable	**27,846**	**28,888**
Rental receivables due for the next five years	23,799	24,685
Less than one year	*8,982*	*8,759*
From one to two years	*5,926*	*6,666*
From two to three years	*4,403*	*4,598*
From three to four years	*2,831*	*2,966*
From four to five years	*1,657*	*1,696*
Rental receivables due for more than five years	4,047	4,203
Unearned financial income	**1,840**	**1,692**
Unguaranteed residual values receivable by the lessor	**1,653**	**1,621**

NOTE 3.5.3 SECURITIES

(In EURm)	31.12.2022	31.12.2021
Government securities	9,734	8,896
Negotiable certificates, bonds and other debt securities	11,808	10,525
Related receivables	208	160
Securities before impairments	**21,750**	**19,581**
Impairment	(63)	(57)
Revaluation of hedged items	(257)	(153)
TOTAL	**21,430**	**19,371**

NOTE 3.6 Debts

ACCOUNTING PRINCIPLES

Debts include the non-derivative financial liabilities that are not measured at fair value through profit or loss (these instruments are described in Note 3.1.3).

They are recognised in the balance sheet, depending on the type of instrument and counterparty, under Due to banks, Customer deposits, Debt securities issued or Subordinated debt.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, *i.e.* at the fair value of the amount borrowed net of transaction fees. These liabilities are measured as at the reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under Interest and similar expense.

The Group's obligations arising from mortgage savings accounts and plans are recorded under Customer deposits – Regulated savings accounts. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

NOTE 3.6.1 DUE TO BANKS

(In EURm)	31.12.2022	31.12.2021
Demand deposits and current accounts	10,455	12,373
Overnight deposits and borrowings	392	1,564
Term deposits[1]	120,141	121,708
Related payables	301	47
Revaluation of hedged items	(1,933)	104
Securities sold under repurchase agreements	3,632	3,381
TOTAL	**132,988**	**139,177**

(1) Including term-deposits linked to central banks, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations – TLTRO).

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the level of remuneration of the borrowings depends on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average rate of the deposit facility with a floor rate set at -1%). These TLTRO III operations are conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the temporary additional bonus over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The Group, *via* Societe Generale and Crédit du Nord, subscribed to TLTRO III loans through quarterly drawdowns staggered between December 2019 and December 2021. The residual amount of TLTRO borrowings on the liabilities side of the balance sheet is EUR 52.7 billion as at 31 December 2022, following the early repayments made in the fourth quarter of 2022 for an amount of EUR 19.2 billion.

As at 31 December 2021, the Group had already reached its objective of stability of the loans outstanding required to benefit from the reduced interest rate as well as from two additional temporary bonuses applied from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. The adjustable-rate loans (on the liabilities side) have been booked under IFRS 9 and the additional bonuses have been qualified for accounting purposes as (government) grants under IAS 20 and recognised in profit or loss over the lifespan of the drawdowns concerned.

On 27 October 2022, the ECB changed the methods for calculating the interest rate relating to the last period of TLTRO III. The effect of these changes resulted in an adjustment of the effective interest rate applied between 23 June 2022 to 22 November 2022 and the implementation of new calculation method from 23 November 2022 on (application of the mean of the average deposit facility rates "DFR" over the period).

As at 31 December 2022, the total cost of TLTRO borrowings including interest and bonuses is therefore between -0.21% and -0.89% depending on the drawdown dates. For the financial year 2022, the total amount for interests and bonuses on the TLTRO borrowings recorded under Interest and similar income amount to EUR 0.4 billion; this amount includes the immediate registration of bonuses not yet recognised on the early repaid loans.

In January 2021, the IFRS IC received a question about the accounting treatment of the TLTRO and has ruled neither on the recognition of transactions under IFRS 9, nor on the possible identification of a grant. The topic has been referred to the IFRS 9 Post Implementation Review. The Group has not changed the accounting treatment that it applies for the TLTRO and remains vigilant regarding any elements of clarification that this review will provide.

NOTE 3.6.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2022	31.12.2021
Regulated savings accounts	111,496	109,079
Demand	*86,368*	*83,025*
Term	*25,128*	*26,054*
Other demand deposits(1)	295,933	308,091
Other term deposits(1)	115,651	84,861
Related payables	876	261
Revaluation of hedged items	(89)	103
TOTAL CUSTOMER DEPOSITS	**523,867**	**502,395**
Securities sold to customers under repurchase agreements	6,897	6,738
TOTAL	**530,764**	**509,133**

(1) Including term-deposits linked to governments and central administrations.

PARTNERSHIP AGREEMENT WITH ING

On 4 April 2022, Boursorama signed a partnership agreement with ING following its decision to withdraw from the retail banking market in France. Under the terms of this agreement, Boursorama offers ING's online banking clients in France an alternative banking solution with a simplified subscription process and exclusive offers on the products and services subscribed. The proposed offers relate to current accounts, savings plans and means of payment as well as securities accounts; credits, however, are not included within the scope of the agreement.

As at 31 December 2022, Debts to customers, on the liabilities side of the balance sheet, include the outstanding deposits and savings accounts transferred to Boursorama for an amount of EUR 3,635 million.

In early July 2022, the life insurance brokerage activities of ING Direct Vie have been transferred to Boursorama.

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(In EURm)	31.12.2022	31.12.2021
Professionals and corporates	151,687	149,089
Individual customers	88,450	90,590
Financial customers	42,982	51,306
Others(1)	12,814	17,106
TOTAL	**295,933**	**308,091**

(1) Including term-deposits linked to governments and central administrations.

NOTE 3.6.3 DEBT SECURITIES ISSUED

(In EURm)	31.12.2022	31.12.2021
Term savings certificates	230	276
Bond borrowings	25,974	21,525
Interbank certificates and negotiable debt instruments	110,543	112,819
Related payables	635	574
Revaluation of hedged items	(4,206)	130
TOTAL	**133,176**	**135,324**
o/w floating-rate securities	*77,220*	*62,215*

NOTE 3.7 Interest income and expense

MAKING IT SIMPLE

Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities…).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all borne by the lender for the duration of the financing agreement. The interest can also include a margin used by the lending bank to remunerate equity instruments (such as ordinary shares) that are required by prudential regulation to be issued in relation to the amount of financing granted, so as to guarantee its own solvency.

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

ACCOUNTING PRINCIPLES

Interest income and expense are recorded in the income statement under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income) and for all financial instruments mandatorily measured at fair value through profit and loss and interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate. Negative interest incomes on financial assets are recorded under Interest and similar expense; negative interest expenses on financial liabilities are recorded under Interest and similar income.

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

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognised in profit or loss by applying the effective interest rate to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses which are calculated using the same risk-free interest rate as that used to discount the expected outflow of resources as soon as the effects of this update are significant.

SPECIFIC TREATMENT RELATED TO THE REPLACEMENT OF A REFERENCE INTEREST RATE BY AN ALTERNATIVE REFERENCE INTEREST RATE (POSSIBLY INCLUDING A FINANCIAL COMPENSATION) – IBOR REFORM

The replacement of a reference interest rate by an alternative reference interest rate (possibly including a financial compensation in the form of a margin adjustment expressed in basis points and/or a cash amount) is liable to change the basis for determining the contractual cash flows of a financial asset or liability (*i.e.*, the method for calculating the return on it).

The effective interest rate is then modified prospectively to reflect the change from the current reference interest rate to an alternative reference interest rate. This last is adjusted for the new margin expressed in basis points and, if needed, for the amortisation over the remaining term of the contract, of the cash amount paid at the time of the modification.

	2022			2021		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	17,379	(8,787)	8,592	11,574	(4,344)	7,230
Central banks	*1,255*	*(306)*	*949*	*78*	*(308)*	*(230)*
Bonds and other debt securities	*524*	*(1,646)*	*(1,122)*	*428*	*(1,293)*	*(865)*
Due from/to banks[(1)]	*1,896*	*(1,724)*	*172*	*1,107*	*(410)*	*697*
Customer loans and deposits	*12,152*	*(3,916)*	*8,236*	*9,680*	*(1,695)*	*7,985*
Subordinated debt	*-*	*(641)*	*(641)*	*-*	*(526)*	*(526)*
Securities lending/borrowing	*42*	*(14)*	*28*	*10*	*(11)*	*(1)*
Repo transactions	*1,510*	*(540)*	*970*	*271*	*(101)*	*170*
Hedging derivatives	9,690	(8,727)	963	7,015	(5,489)	1,526
Financial instruments at fair value through other comprehensive income	520	-	520	415	-	415
Lease agreements	852	(37)	815	843	(39)	804
Real estate lease agreements	*181*	*(37)*	*144*	*166*	*(39)*	*127*
Non-real estate lease agreements	*671*	*(0)*	*671*	*677*	*-*	*677*
Subtotal interest income/expense on financial instruments using the effective interest method	**28,441**	**(17,551)**	**10,890**	**19,847**	**(9,872)**	**9,975**
Financial instruments mandatorily at fair value through profit or loss	397	(1)	396	743	-	743
TOTAL INTEREST INCOME AND EXPENSE	**28,838**	**(17,552)**	**11,286**	**20,590**	**(9,872)**	**10,718**
o/w interest income from impaired financial assets	*250*	*-*	*250*	*259*	*-*	*259*

(1) Negative interest on TLTRO borrowings is recorded as income from Loans/borrowings from credit institutions (see. Note 3.6).

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

(In EURm)	2022	2021
Trade notes	487	332
Other customer loans	10,433	8,485
Short-term loans	*4,490*	*3,486*
Export loans	*366*	*223*
Equipment loans	*1,751*	*1,396*
Housing loans	*2,694*	*2,781*
Other customer loans	*1,132*	*599*
Overdrafts	989	613
Doubtful outstanding (stage 3)	243	250
TOTAL	**12,152**	**9,680**

NOTE 3.8 Impairment and provisions

MAKING IT SIMPLE

Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To compensate for this risk, the Bank receives a portion of the contractual interest on those assets, called credit margin.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, this potential loss, or expected credit loss, as estimated by the Group, is recognised in profit or loss without waiting for a payment default individually impacting the counterparty; these expenses partly offset the interest income and thus avoid overestimating the income during the periods prior to the counterparty default. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment is written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in the income statement represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk.

For financial assets measured at fair value through profit or loss (including instruments held by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participants, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

Recognition of expected credit losses

Debt instruments (loans, debt securities and bonds and similar) classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, operating lease receivables, customer receivables and income to be received included amongst Other assets, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

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

Observed deterioration in credit risk since initial recognition of the financial asset →

Credit risk category	**Stage 1** **Performing assets**	**Stage 2** **Under-performing or downgraded assets**	**Stage 3** **Credit-impaired or defaulted assets**
Transfer criteria	Initial recognition of the instrument in stage 1 ▸ *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument is become credit-impaired / 90 days past due
Measurement of credit risk	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

Exposures classified in Stage 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

Exposures classified in Stage 2

To identify Stage 2 exposures, the significant increase in credit risk compared to the date of initial recognition is assessed by the Group using all available past and forward-looking data (behavioural scores, loan to value indicators, macroeconomic forecast scenarios, sector analyses, cash flow projections for some counterparties, etc.).

The three criteria used to assess the significant changes in credit risk are detailed below. Once only one of these three criteria is met, the relevant outstanding is transferred from Stage 1 to Stage 2 and related impairment or provisions are adjusted accordingly. Furthermore, the Group does not apply the exemption for low credit risk; it thus carries out an assessment of a significant increase in credit risk for all loans and debt securities.

CRITERIA 1: THE CLASSIFICATION OF THE COUNTERPARTY IN "SENSITIVE"

To determine the classification of the counterparty as "sensitive" (notion of watch list), the Group analyses:

- the counterparty's credit rating (where it is the subject of an internal analysis); and
- the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty which may also be indicative of a deterioration in credit risk.

If, after a review, a counterparty is deemed "sensitive" (notion of watch list), all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the credit quality at the time of granting of each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses.

Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). These thresholds may be expressed as an absolute or relative increase in the probability of default. For example, the threshold is set at +50 bp for sovereign debt, +100 bp for the Very Large Enterprises (turnover exceeding EUR 500 million), +200 bp for SME and +10 bp for the French mortgages of the Societe Generale retail network.

In addition and in line with the recommendations issued by the EBA and the ECB, loans for which the probability of default has been multiplied by three between the date of first recognition and the balance sheet date are transferred to Stage 2.

CRITERIA 3: THE EXISTENCE OF PAYMENTS MORE THAN 30 DAYS PAST DUE

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

The three criteria are symmetrical: thus, a removal from the watch list of sensitive counterparties, a sufficient improvement in the debtor's credit rating or a settlement of payments more than 30 days overdue results in a return to Stage 1, without any probation period in Stage 2.

PARTICULAR CASE OF EXPOSURES WITHOUT CREDIT RATING

For exposures to counterparties for which no credit rating is available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioural score or the existence of payments more than 30 days past due for retail customers;
- the placement on the watch list or the existence of payments more than 30 days past due for Corporate.

Exposures classified in Stage 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- one or more unpaid payments of over 100 euros for Retail (500 euros for Non-retail) during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure (except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period). In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days;
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
  - a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group,
  - the granting of concessions to the clauses of the loan agreement, which would not have been granted if the counterparty wasn't experiencing financial difficulties (restructured loans) and which result in a decrease in the present value of the loan cash flows of more than 1% of its initial value,
  - the existence of litigious proceedings (ad hoc mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the group's exposures.

The classification in Stage 3 is kept during the 3-month probation period after the disappearance of all default indicators described above. The probation period in Stage 3 is extended to one year for the restructured loans that have been transferred in Stage 3.

In the case of a return to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred to Stage 1. This probation period in Stage 2 is from 6 months to two years according to the nature of the risk portfolio to which the exposures belong.

Measurement of depreciation and provision

Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criteria and as a consequence their effects cannot be taken into account in the calculation of impairment, a separate asset is recorded in the balance sheet under Other Assets. The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under Cost of risk.

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in the income statement under Cost of risk.

The expected credit losses on the financing commitments and financial collateral given are determined using a similar approach applied to the estimated amount of Group exposure in case of default (amount drawn from the financing commitment as at the default date, amount of collateral called up as at the default date). The credit loss amounts thus calculated at one year (Stage 1) or over the life of the commitments (Stages 2 and 3) are recognised as liabilities on the balance sheet under Provisions.

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macro-economic factors are determined by an expert.

Restructured loans

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (*e.g.* lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuration loss. This discount is equal to the difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to Cost of risk in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuration.

Post-restructuring, these financial assets are classified in Stage 3 (credit-impaired exposures) whether the present value of modified cash flows decreases by more than 1% compared with the carrying amount of financial instruments before the restructuring or there is a high probability that the counterparty cannot meet all its commitments involving a risk of loss for the Group. In these two cases, the restructuring of financial assets leads to default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3 or the loans which the present value does not decrease more than 1%, the assessment of the significant increase of credit risk will be performed by comparing the characteristics of the instrument at the closing date and the characteristics at the initial recognition date of the loan before restructuring, applying the transfer rules to Stage 1 and 2 previously mentioned in this note with specific conditions during the probation period (during the first two-years following the restructuration, loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new assets are recorded under Financial assets measured at fair value through profit or loss. The difference between the net present value of these restructured loans and the initial fair value of the new assets is recorded under Cost of Risk in the income statement.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. The accounting treatment of renegotiations is detailed in Note 3.5.

ASSESSMENT METHOD OF EXPECTED CREDIT LOSSES

The methodology for calculating impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework used which was used as a basis for choosing the methods for assessing the calculation parameters (probability of default and loss rate for outstanding loans under the Basel advanced approaches – IRBA and IRBF – and provisioning rate for outstanding loans under the standardised approach).

The Group portfolios have been segmented to ensure homogeneous risk characteristics and better correlation with macroeconomic variables, both local and global. This segmentation makes it possible to address all the Group's specificities. It is consistent with or similar to the one defined in the Basel framework to ensure the uniqueness of the historical records of losses and defaults.

The nature of the variables used in the expected credit loss assessment models is presented in Chapter 4 of the present Universal Registration Document.

Expected losses are assessed based on the above-mentioned parameters, supplemented with in-house analyses of each counterparty's credit quality, performed either individually or statistically.

CRISES: WAR IN UKRAINE, COVID-19 CRISIS AND ECONOMIC CONSEQUENCES

To take account of the uncertainties relating to the Covid-19 crisis, the Group updated as at 31 December 2022 the model and post-model adjustments set out since the beginning of the health crisis in line with 2021.

In 2022, the Group reviewed the parameters used in the models on the basis of the new macroeconomic scenarios (see Note 1) taking into account the specific conditions created by the war in Ukraine.

The impacts of the adjustments to models and post-models on the determination of expected credit losses are described hereinafter.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE THE EXPECTED CREDIT LOSSES

GDP adjustment

The containment measures taken by governments in the context of the Covid-19 crisis resulted in a sudden decline in economic activity reflected in high volatility in quarterly GDP growth rates (year-on-year) in the 2021 and 2022 forecasts in the countries where the Group operates.

Furthermore, the authorities adopted financial support measures for households and businesses to help them cope with the sudden deterioration in activity. Therefore, there will likely be a time-lag between the deterioration in the portfolios' credit quality and that of activity, the first being delayed with respect to the second.

In order to account for this time-lag, the Group revised its models in 2020, using for each quarter between 2020 and 2022 an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has not been used to determine the GDP rates for 2023 to 2026.

As at 31 December 2022, the GDP rates used in the models have been determined as follows:

- for each quarter of 2022, the Group used in its models an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the three scenarios (SG Favourable, SG Central and SG Stress) for the GDP series used in the modelling of expected credit losses (see paragraph 6 in Note 1).

  The data displayed for 2022 in the table below correspond to the weighted average of the GDP growth rates of the three scenarios, adjusted as described above;
- the data displayed for the years 2023 to 2026 in the table below correspond to the weighted average of the GDP growth rates of the three scenarios.

	2022	2023	2024	2025	2026
Euro area	(1.4)	(1.2)	0	0.6	1.0
France	(1.8)	(0.9)	0.1	0.6	1.0
United States of America	0.9	(1.4)	(0.1)	1.4	1.8
China	3.0	3.1	3.6	3.7	4.2

Impacts on the estimation of expected credit losses

Thus, as at 31 December 2022, the adjustments made to the macroeconomic variables and to the probabilities of default have resulted in a decrease of EUR 10 million in the amount of impairments and provisions for credit risk (EUR 445 million for the 2021 financial year). The impact of these adjustments is due to:

- an EUR 1 million residual increase for the above-mentioned GDP adjustments that ended on 31 December 2022;
- a decrease of EUR 11 million reflecting the updated weightings of the macro-economic scenarios presented in Note 1 (removal of the "SG Extended" scenario).

In addition, owing to the degraded macroeconomic conditions and geopolitical backdrop linked to the war in Ukraine, all our Russian counterparts (EUR 2 billion) have been ranked "Sensitive" (notion of watch list) and the related exposures transferred to Stage 2. Other exposures were identified after supplementary analysis as requiring transfer to Stage 3 (EUR 0.6 billion). The impact of these transfers on the calculation of expected credit losses amounts to EUR 427 million as at 31 December 2022 (including the supplementary adjustment detailed in the "Other adjustments" paragraph).

ADJUSTMENTS IMPLEMENTED TO SUPPLEMENT THE APPLICATION OF THE MODELS

Sectoral adjustments

The Group can supplement the models with two types of sectoral adjustments: the first relates to the possible revision of the expected credit loss estimates of some sectors (with no impact on the classification of loans); the second, implemented since 2020 in relation with Covid-19 crisis, supplements the analysis of the increase in credit risk and may lead to additional transfers to Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented with sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments improve the anticipation the cycle of defaults or recoveries in some cyclical sectors that have known peaks of default in the past or that are particularly vulnerable to the current crisis and whose Group exposure exceeds a threshold reviewed and fixed yearly by the Risk Division.

These sectoral adjustments are reviewed and updated on a quarterly basis by the Risk Division and approved by General Management according to the materiality threshold.

The main sectors concerned are the commercial real-estate sector, as well as leisure, oil and gas, cruise operators and airline sectors.

At the time when these adjustments are reviewed and where consistent with the provisioning horizon, a quantitative analysis of the possible impact of climate risks on the determination of the expected credit losses has been integrated.

The total sectoral adjustments thus amount to EUR 741 million as at 31 December 2022 (EUR 536 million as at 31 December 2021). These changes stem from the implementation of specific adjustments to take account of the impact of the commodities supply issues resulting from the war in Ukraine and the impact of a lasting stagflation on the most exposed sectors.

ADDITIONAL CRITERION OF TRANSFER TO STAGE 2

Since 2020 and the onset of the Covid-19 crisis, to supplement the criteria for the transfer to underperforming loans classified as Stage 2, applied at an individual level, an additional expert analysis had been conducted on the outstanding portfolios existing at the end of this year and for which the increase in credit risk has been deemed significant since their granting. The subsequent productions are not affected by these provisions. As a result of this analysis, conducted half-yearly and in line with the governance set up during the Covid-19 crisis, additional transfers have been made to Stage 2 underperforming loans for all the outstanding loans of the sectors regarded by the Group as most affected by the Covid-19 crisis and granted prior to the crisis. As at 31 December 2022, the remaining affected sectors are Naval, aeronautical & railway construction, air and space transport, hotels, catering and leisure. For the loans outstanding concerned, in addition to these transfers to Stage 2, the provision has been estimated taking account of the sectoral adjustments (described above) that might have been applied.

These adjustments amount to EUR 17 million as at 31 December 2022 (EUR 19 million as at 31 December 2021). These movements have decreased over 2022 due to the expiry of some contracts concerned on these sectors classified as Stage 2.

Other adjustments

Adjustments based on expert opinion have also been made to reflect the heightened credit risk on some portfolios, when this heightened risk has not been detectable through a line-by-line analysis of the loans outstanding:

- for the scope of entities lacking developed models for estimating the correlations between the macroeconomic variables and the probability of default; and
- for the scopes on which models are developed and when these models cannot reflect future risk not observed in historical records.

These adjustments amount to EUR 796 million as at 31 December 2022 (EUR 399 million as at 31 December 2021).

This is mainly due to the account taken of:

- the specific risk on the portfolio of offshore loans to Russian corporate customers owing to the geopolitical situation;
- risks resulting from the specific economic context, such as rising inflation and interest rates, on vulnerable customers and the more particularly exposed portfolios, and that are not taken into account by the models.

CONSIDERATION OF THE SUPPORT MEASURES IN THE ASSESSMENT OF THE SIGNIFICANT INCREASE IN CREDIT RISK

Despite the absence of material defaults, while most Covid-19 support measures have now come to an end, the Group maintains a conservative provisioning policy in an uncertain environment, in particular in France with the start of PGE repayments for customers having benefited from a two-year repayment exemption, and in all areas with the gradual spread of the economic shock triggered by the war in Ukraine and the context of rising interest rates and inflation.

NOTE 3.8.1 OVERVIEW

The tables of this note do not lay out the IAS 39 impairment related to financial instruments of insurance subsidiaries. This impairment is presented in the Note 4.3.

Since 2022, the measurement adopted is the accounting outstanding amounts (Balance Sheet and Off-Balance Sheet). For the sake of rationalisation, all the quantitative information related to credit risk is presented in this Note.

PRESENTATION OF BALANCE SHEET AND OFF-BALANCE SHEET OUTSTANDING AMOUNTS

In 2022, the Group has refined the identification of the credit-risk bearing financial assets presented in Note 4.4 and has consequently adopted a more granular presentation (Guarantee deposits paid, Other miscellaneous receivables bearing credit risk, Clearing houses bearing credit risk). This revision also made it possible to reduce the "Restatements: excluded items" line.

The opening limit as at 31 December 2021 has been restated with no impact on the amount of provisions and impairments for credit risk.

(In EURm)		31.12.2022	31.12.2021
Debt instruments at fair value through other comprehensive income	Note 3.3	37,199	43,180
Securities at amortised cost	Note 3.5	21,430	19,371
Due from banks at amortised cost	Note 3.5	66,903	55,972
Due from central banks(1)		204,553	177,510
Customer loans at amortised cost	Note 3.5	506,529	497,164
Guarantee deposits paid	Note 4.4	68,884	77,584
Others		3,895	3,756
o/w other miscellaneous receivables bearing credit risk(2)	*Note 4.4*	*3,633*	*3,494*
o/w due from clearing houses bearing credit risk	*Note 4.4*	*262*	*262*
NET VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**909,393**	**874,537**
Impairment of loans at amortised cost	Note 3.8	11,031	11,357
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**920,424**	**885,894**
Retreatments: items excluded		(1,454)	(1,304)
o/w insurance – Guarantee deposits paid		*(1,454)*	*(1,304)*
GROSS VALUE OF ACCOUNTING AMOUNTS (BALANCE SHEET) AFTER RETREATMENTS		**918,970**	**884,590**
Financing commitments		216,571	192,273
Guarantee commitments		94,727	79,095
GROSS VALUE OF OFF BALANCE-SHEET ACCOUNTING AMOUNTS		**311,298**	**271,368**
TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)		**1,230,268**	**1,155,958**

(1) Included in line Cash, due from central banks.
(2) This amount is presented net of impairment (EUR 295 million as at 31 December 2022 – see Note 4.4).

OUTSTANDING AMOUNTS SUBJECT TO IMPAIRMENT AND PROVISIONS BY IMPAIRMENT STAGE AND BY ACCOUNTING CATEGORY

	31.12.2022		31.12.2021	
(In EURm)	**Outstanding amounts**	**Impairment/ provisions**	**Outstanding amounts**	**Impairment/ provisions**
Financial assets at fair value through other comprehensive income	**37,199**	**8**	**43,180**	**8**
Performing assets outstanding (Stage 1)	37,192	1	43,172	1
Underperforming assets outstanding (Stage 2)	1	1	1	1
Doubtful assets outstanding (Stage 3)	6	6	7	6
Financial assets at amortised cost(1)	**881,771**	**11,031**	**841,410**	**11,357**
Performing assets outstanding (Stage 1)	820,736	1,042	781,316	1,148
Underperforming assets outstanding (Stage 2)	44,689	2,134	43,254	1,674
Doubtful assets outstanding (Stage 3)	16,346	7,855	16,840	8,535
o/w lease financing	***29,500***	***896***	***30,508***	***889***
Performing assets outstanding (Stage 1)	*24,340*	*110*	*24,733*	*113*
Underperforming assets outstanding (Stage 2)	*3,536*	*169*	*4,294*	*184*
Doubtful assets outstanding (Stage 3)	*1,624*	*617*	*1,481*	*592*
Financing commitments	**216,571**	**467**	**192,273**	**427**
Performing assets outstanding (Stage 1)	204,724	166	184,412	165
Underperforming assets outstanding (Stage 2)	11,564	251	7,650	231
Doubtful assets outstanding (Stage 3)	283	50	211	31
Guarantee commitments	**94,727**	**431**	**79,095**	**461**
Performing assets outstanding (Stage 1)	90,332	57	74,398	52
Underperforming assets outstanding (Stage 2)	3,716	116	3,926	82
Doubtful assets outstanding (Stage 3)	679	258	771	327
TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)	**1,230,268**	**11,937**	**1,155,958**	**12,253**

(1) Including Central Banks for EUR 204,553 million as at 31 December 2022 (versus EUR 177,510 million as at 31 December 2021).

In order to disclose its exposure to credit risk, the Group has decided to tabulate its assets outstanding and impairment by stage of impairment of the financial assets at amortised cost by Basel category, by geographical area, and by rating of the counterparty. Due to the absence of significant exposure to credit risk at the closing date for assets measured at fair value through other comprehensive income as well as for financing and guarantee commitments, this information is not presented below.

ASSETS AT AMORTISED COST: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY BASEL PORTFOLIO

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	220,569	291	215	221,075	6	2	77	85
Institutions	161,666	592	53	162,311	8	2	24	34
Corporates	247,792	20,415	9,237	277,444	622	1,402	4,266	6,290
o/w SME	*42,271*	*7,859*	*5,746*	*55,876*	*226*	*317*	*1,829*	*2,373*
Retail	190,709	23,391	6,841	220,941	406	728	3,488	4,622
o/w VSB	*23,972*	*4,746*	*2,343*	*31,061*	*95*	*271*	*1,306*	*1,672*
Others	-	-	-	-	-	-	-	-
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

	31.12.2021							
	Assets at amortised cost				Impairment			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	193,939	549	106	194,594	6	2	67	75
Institutions	131,811	541	12	132,364	10	4	12	26
Corporates	258,698	20,695	9,090	288,483	569	1,037	4,433	6,039
o/w SME	*41,566*	*9,377*	*6,207*	*57,150*	*190*	*440*	*2,067*	*2,697*
Retail	195,752	21,420	7,570	224,742	561	628	4,017	5,206
o/w VSB	*23,897*	*4,635*	*2,271*	*30,803*	*124*	*219*	*1,363*	*1,706*
Others	1,116	49	62	1,227	2	3	6	11
TOTAL	**781,316**	**43,254**	**16,840**	**841,410**	**1,148**	**1,674**	**8,535**	**11,357**

The financial assets measured at fair value through other comprehensive income mainly correspond to cash management for own account and to the management of the portfolio of HQLA (High Quality Liquid Assets) securities included in the liquidity reserves. These assets mainly correspond to Sovereigns classified in Stage 1.

The financing and guarantee commitments mainly correspond to outstanding amounts not drawn by corporate customers. These assets are mainly classified in Stage 1.

ASSETS AT AMORTISED COST: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY GEOGRAPHICAL ZONE

The geographic area chosen corresponds to the country of the counterparty. When this information is unavailable, it is the country of the issuing entity that is used.

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
France	442,513	26,042	8,054	476,609	480	1,166	3,240	4,886
Western European countries (excl. France)	157,496	5,569	1,695	164,760	220	273	767	1,260
Eastern European (countries EU)	51,781	6,455	1,088	59,324	144	256	640	1,040
Eastern Europe (excluding EU)	2,945	2,032	524	5,501	2	149	121	272
North America	82,014	1,479	165	83,658	21	113	43	177
Latin America and Caribbean	5,757	472	319	6,548	5	11	88	104
Asia-Pacific	37,999	616	572	39,187	14	6	258	278
Africa and Middle East	40,231	2,024	3,929	46,184	156	160	2,698	3,014
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

Over 80% of all financing and guarantee commitments have Western Europe, North America or France as their country of counterparty.

	31.12.2021							
	Assets at amortised cost				Impairment			
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
France	401,258	27,315	8,082	436,655	461	961	3,585	5,007
Western European countries (excl. France)	152,010	5,065	2,482	159,557	202	212	944	1,358
Eastern European (countries EU)	49,483	4,364	1,104	54,951	132	230	646	1,008
Eastern Europe (excluding EU)	19,748	1,486	362	21,596	148	21	297	466
North America	79,582	1,463	161	81,206	22	78	49	149
Latin America and Caribbean	7,573	561	195	8,329	6	13	73	92
Asia-Pacific	34,960	724	621	36,305	17	12	351	380
Africa and Middle East	36,702	2,276	3,833	42,811	160	147	2,590	2,897
TOTAL	**781,316**	**43,254**	**16,840**	**841,410**	**1,148**	**1,674**	**8,535**	**11,357**

ASSETS AT AMORTISED COST: SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY[1]

Classification in Stage 1 or Stage 2 does not depend on the absolute probability of default but on the elements that make it possible to assess the significant increase in credit risk (see accounting principles), including the relative change in the probability of default since initial recognition. Therefore, there is no direct relationship between the counterparty rating, presented in the table below, and the classification by stage of impairment.

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	59,826	874	-	60,700	1	3	-	4
2	186,818	889	-	187,707	4	5	-	9
3	50,465	622	-	51,087	8	5	-	13
4	85,773	1,431	-	87,204	69	15	-	84
5	84,343	4,322	-	88,665	246	146	-	392
6	22,694	10,044	-	32,738	186	532	-	718
7	2,832	7,082	-	9,914	21	445	-	466
Default (8, 9, 10)	-	-	9,378	9,378	-	-	4,071	4,071
Other method	327,985	19,425	6,968	354,378	507	983	3,784	5,274
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

	31.12.2021							
	Outstanding amounts				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	56,273	54	-	56,327	1	-	-	1
2	160,207	156	-	160,363	3	1	-	4
3	40,391	175	-	40,566	8	3	-	11
4	79,668	980	-	80,648	65	8	-	73
5	80,740	4,271	-	85,011	256	86	-	342
6	22,442	9,998	-	32,440	184	446	-	630
7	3,158	7,346	-	10,504	26	474	-	500
Default (8, 9, 10)	-	-	9,311	9,311	-	-	4,485	4,485
Other method	338,437	20,274	7,529	366,240	605	656	4,050	5,311
TOTAL	**781,316**	**43,254**	**16,840**	**841,410**	**1,148**	**1,674**	**8,535**	**11,357**

(1) The indicative corresponding between the Societe Generale's internal rating scale and the scales of rating agencies is presented in Chapter 4 of the present Universal Registration Document.

NOTE 3.8.2 IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

(In EURm)	Amount as at 31.12.2021	Allocations	Write-backs available	Net impairment losses	Write-backs used	Currency and scope effects	Amount as at 31.12.2022
Financial assets at fair value through other comprehensive income							
Impairment on performing outstanding (Stage 1)	1	1	(1)	-		-	1
Impairment on underperforming outstanding (Stage 2)	1	-	-	-		-	1
Impairment on doubtful outstanding (Stage 3)	6	1	-	1	-	(1)	6
TOTAL	**8**	**2**	**(1)**	**1**	**-**	**(1)**	**8**
Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment on performing assets outstanding (Stage 1)	1,148	770	(724)	46		(152)	1,042
Impairment on underperforming assets outstanding (Stage 2)	1,674	1,717	(1,163)	554		(94)	2,134
Impairment on doubtful assets outstanding (Stage 3)	8,535	3,827	(2,963)	864	(1,282)	(262)	7,855
TOTAL	**11,357**	**6,314**	**(4,850)**	**1,464**	**(1,282)**	**(508)**	**11,031**
o/w lease financing and similar agreements	***889***	***378***	***(295)***	***83***	***(59)***	***(17)***	***896***
Impairment on performing assets outstanding (Stage 1)	*113*	*50*	*(51)*	*(1)*		*(2)*	*110*
Impairment on underperforming assets outstanding (Stage 2)	*184*	*92*	*(96)*	*(4)*		*(11)*	*169*
Impairment on doubtful assets outstanding (Stage 3)	*592*	*236*	*(148)*	*88*	*(59)*	*(4)*	*617*

VARIATIONS OF PROVISIONS ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

Due to lack of significant variations of depreciations on financial assets measured at fair value through other comprehensive income, this information is not presented in the table below.

(In EURm)	Stage 1	of which lease financing receivables	Stage 2	of which lease financing receivables	Stage 3	of which lease financing receivables	Total
Amount as at 31.12.2021	**1,148**	**113**	**1,674**	**184**	**8,535**	**592**	**11,357**
Production & Acquisition(1)	394	40	153	14	128	9	675
Derecognition(2)	(163)	(7)	(216)	(9)	(1,725)	(79)	(2,104)
Transfer from stage 1 to stage 2(3)	(55)	(6)	613	36	-	-	558
Transfer from stage 2 to stage 1(3)	19	3	(202)	(26)	-	-	(183)
Transfer to stage 3(3)	(9)	(1)	(136)	(16)	941	90	796
Transfer from stage 3(3)	1	-	88	2	(167)	(10)	(78)
Allocations & Write-backs without stage transfer(3)	(154)	(30)	172	(17)	382	28	400
Currency effect	15	-	8	-	20	(5)	43
Scope effect	(155)	(2)	(18)	(1)	(262)	(8)	(435)
Other variations	1	-	(2)	2	3	-	2
Amount as at 31.12.2022	**1,042**	**110**	**2,134**	**169**	**7,855**	**617**	**11,031**

(1) The amounts of impairment presented in the line Production and Acquisition in Stage 2/Stage 3 could include contracts originated in Stage 1 and reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in the transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2022

The amounts presented in the transfers below include variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- the starting stage corresponds to the stage of the outstanding balance as at 31 December of the previous year;
- the end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstand-ing amounts	Impair-ment	Outstand-ing amounts	Impair-ment	Outstand-ing amounts	Impair-ment	Stock of outstanding amounts transferred as of 31 December	Stock of impairment associated with transferred outstanding amounts
Transfer from Stage 1 to Stage 2	(19,221)	(55)	15,060	613	-	-	15,060	613
Transfer from Stage 2 to Stage 1	8,244	19	(10,548)	(202)	-	-	8,244	19
Transfer from Stage 3 to Stage 1	265	1	-	-	(360)	(36)	265	1
Transfer from Stage 3 to Stage 2	-	-	904	88	(1,019)	(131)	904	88
Transfer from Stage 1 to Stage 3	(2,356)	(9)	-	-	2,438	570	2,438	570
Transfer from Stage 2 to Stage 3	-	-	(2,083)	(136)	1,892	371	1,892	371
Currency effect on contracts that change Stage	212	-	65	-	1	-	278	-

NOTE 3.8.3 CREDIT RISK PROVISIONS

BREAKDOWN

(In EURm)	Amount as at 31.12.2021	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount as at 31.12.2022
Financing commitments						
Provisions on performing assets outstanding (Stage 1)	165	146	(147)	(1)	2	166
Provisions on underperforming assets outstanding (Stage 2)	231	173	(150)	23	(3)	251
Provisions on doubtful assets outstanding (Stage 3)	31	73	(85)	(12)	31	50
TOTAL	**427**	**392**	**(382)**	**10**	**30**	**467**
Guarantee commitments						
Provisions on performing assets outstanding (Stage 1)	52	54	(49)	5	-	57
Provisions on underperforming assets outstanding (Stage 2)	82	78	(41)	37	(3)	116
Provisions on doubtful assets outstanding (Stage 3)	327	159	(188)	(29)	(40)	258
TOTAL	**461**	**291**	**(278)**	**13**	**(43)**	**431**

VARIATIONS OF PROVISIONS ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

	Provisions								
	On financing commitments				On guarantee commitments				
(In EURm)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
Amount as at 31.12.2021	**165**	**231**	**31**	**427**	**52**	**82**	**327**	**461**	**888**
Production & Acquisition(1)	69	17	11	97	19	10	21	50	147
Derecognition(2)	(48)	(48)	(14)	(110)	(10)	(11)	(75)	(96)	(206)
Transfer from stage 1 to stage 2(3)	(16)	80	-	64	(5)	23	-	18	82
Transfer from stage 2 to stage 1(3)	3	(23)	-	(20)	1	(9)	-	(8)	(28)
Transfer to stage 3(3)	-	(5)	21	16	-	(2)	31	29	45
Transfer from stage 3(3)	-	1	(2)	(1)	-	1	(11)	(10)	(11)
Allocations & Write-backs without stage transfer(3)	(9)	(5)	3	(11)	(2)	26	(35)	(11)	(22)
Currency effect	2	3	-	5	-	1	6	7	12
Scope effect	-	-	-	-	(1)	(2)	(7)	(10)	(10)
Other variations	-	-	-	-	3	(3)	1	1	1
Amount as at 31.12.2022	**166**	**251**	**50**	**467**	**57**	**116**	**258**	**431**	**898**

(1) The amounts of impairment presented in the Production and Acquisition line in Stage 2/Stage 3 May include originated contracts in Stage 1 reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR OFF-BALANCE SHEET COMMITMENTS AS AT 31 DECEMBER 2022

The amounts presented in the transfers hereinafter include the variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- The starting stage corresponds to the stage of the outstanding balance as at 31 December of the previous year.
- The end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

	Financing commitments							
	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
Transfer from Stage 1 to Stage 2	(2,707)	(16)	2,216	80	-	-	2,216	80
Transfer from Stage 2 to Stage 1	839	3	(1,464)	(23)	-	-	839	3
Transfer from Stage 3 to Stage 1	9	-	-	-	(14)	(1)	9	-
Transfer from Stage 3 to Stage 2	-	-	27	1	(21)	(1)	27	1
Transfer from Stage 1 to Stage 3	(94)	-	-	-	73	4	73	4
Transfer from Stage 2 to Stage 3	-	-	(113)	(5)	67	17	67	17
Currency effect on contracts that change Stage	44	-	39	-	-	-	83	-

	Guarantee commitments							
	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
Transfer from Stage 1 to Stage 2	(1,632)	(5)	1,287	23	-	-	1,287	23
Transfer from Stage 2 to Stage 1	428	1	(602)	(9)	-	-	428	1
Transfer from Stage 3 to Stage 1	7	-	-	-	(8)	(1)	7	-
Transfer from Stage 3 to Stage 2	-	-	57	1	(50)	(10)	57	1
Transfer from Stage 1 to Stage 3	(107)	-	-	-	76	14	76	14
Transfer from Stage 2 to Stage 3	-	-	(116)	(2)	106	17	106	17
Currency effect on contracts that change Stage	23	-	6	-	1	-	30	-

NOTE 3.8.4 QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variations in credit risk impairment and provisions since 31 December 2021 are mainly linked to:

- the transfer to covered losses of Stage 3 loans for EUR 1.3 billion included in the Derecognition item.

  This is in line with the Group strategy regarding the monitoring of non-performing loans (NPL), through write-offs and sales of its portfolios of defaulted exposures.

  Uncovered losses amount to EUR 318 million;
- the transfer of EUR 4.7 billion of outstanding loans to Stage 3 as a result of the defaults observed. This transfer resulted in an increase in impairment and provisions of EUR 841 million mainly including:
  - 13% on the offshore portfolios of Russian customers,
  - 87% on the other portfolios;

  Particularly, this variation concerns:
  - EUR 2.6 billion of outstanding amounts for which the impairment and provisions amount to EUR 586 million as at 31 December 2022. These contracts were in Stage 1 as at 31 December 2021,
  - EUR 2.1 billion of outstanding amounts for which the impairment and provisions amount to EUR 404 million as at 31 December 2022. These contracts were in Stage 2 as at 31 December 2021;
- the transfer of loans to Stage 2 due to downgraded ratings, transfer to "sensitive" or 30 days overdue for EUR 18.6 billion. This transfer was linked in particular to the economic environment affected by geopolitical tensions linked to the war in Ukraine and high economic uncertainties. It resulted in a EUR 639 million increase in impairment and provisions including:
  - 24% on the offshore portfolios of Russian customers,
  - 76% on the other portfolios;
- the sale of Rosbank and the insurance subsidiaries in Russia (see Note 2.1) resulted, excluding currency effect (EUR 48 million in the Currency effect item), a EUR 445 million decrease in impairment and provisions, included in the Scope item.

NOTE 3.8.5 COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk only includes net reversals of impairments and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in Cost of risk when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter's fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as Amounts recovered on irrecovrables loans on the year of collection.

(In EURm)	2022	2021
Net allocation to impairment losses	(1,465)	(633)
On financial assets at fair value through other comprehensive income	*(1)*	*1*
On financial assets at amortised cost	*(1,464)*	*(634)*
Net allocations to provisions	(23)	9
On financing commitments	*(10)*	*44*
On guarantee commitments	*(13)*	*(35)*
Losses not covered on irrecoverable loans	(318)	(193)
Amounts recovered on irrecoverable loans	132	137
Effect from guarantee not taken into account for the calculation of impairment	27	(20)
TOTAL	**(1,647)**	**(700)**
o/w cost of risk on sound outstanding classified in Stage 1	*(59)*	*(100)*
o/w cost of risk on doubtful loans classified in Stage 2	*(618)*	*350*
o/w cost of risk on doubtful loans classified in Stage 3	*(970)*	*(950)*

NOTE 3.9 Fair value of financial instruments measured at amortised cost

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair value of financial instruments includes accrued interest if applicable.

NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2022				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	66,903	66,671	-	53,339	13,332
Customer loans	506,529	480,808	-	196,219	284,589
Debt securities	21,430	20,974	6,424	10,549	4,001
TOTAL	**594,862**	**568,453**	**6,424**	**260,107**	**301,922**

	31.12.2021				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	55,972	55,971	-	39,759	16,212
Customer loans	497,164	497,336	-	206,266	291,070
Debt Securities	19,371	19,203	6,391	10,307	2,505
TOTAL	**572,507**	**572,510**	**6,391**	**256,332**	**309,787**

NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2022				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	132,988	132,986	255	118,308	14,423
Customer deposits	530,764	503,259	-	438,567	64,692
Debt securities issued	133,176	131,290	22,838	106,619	1,833
Subordinated debt	15,946	15,947	-	15,947	-
TOTAL	**812,874**	**783,482**	**23,093**	**679,441**	**80,948**

	31.12.2021				
(In EURm)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	139,177	139,186	113	136,510	2,562
Customer deposits	509,133	509,067	-	498,338	10,729
Debt securities issued	135,324	135,317	22,551	110,092	2,674
Subordinated debt	15,959	15,960	-	15,960	-
TOTAL	**799,593**	**799,530**	**22,664**	**760,900**	**15,965**

NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark actuarial rate published by Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans with similar maturities.

For floating-rates loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as the gross carrying amount adjusted for any allowance, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

For debts with a floating-rate and debts with an initial maturity of less than or equal to one year, fair value is taken to be the same as the carrying amount. Similarly, the individual fair value of demand deposit accounts is equal to their carrying amount.

SECURITIES

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

If no active market exists, the fair value of the securities is calculated by discounting expected cash flows to present value based on the market rates. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

NOTE 3.10 Commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

Loan commitments

The nominal amount of loan commitments is detailed in the table below. Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value int the balance sheet. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

Guarantee commitments

The nominal amount of guarantee commitments is detailed in the table hereafter. When considered as non-derivative financial instruments, the financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

Securities commitments

Securities bought and sold, which are booked to Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of the securities measured at fair value through profit or loss and the securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or to equity, depending on the accounting classification of the securities in question.

Assets pledged as and received as collateral

The financial assets pledged as collateral are carried in the balance sheet whenever the Group has not transferred to the recipients of collateral the contractual rights to receive asset cash flows or substantially all the risks inherent to their ownership.

Likewise, the Group does not recognise on its balance sheet the assets received as collateral if the contractual rights to receive these asset cash flows and substantially all the risks and rewards inherent to their ownership have not been transferred to it.

NOTE 3.10.1 COMMITMENTS

COMMITMENTS GRANTED

(In EURm)	31.12.2022	31.12.2021
Loan commitments		
To banks	84,882	60,870
To customers	228,036	200,224
Issuance facilities	*83*	*83*
Confirmed credit lines	*202,401*	*185,065*
Others	*25,552*	*15,076*
Guarantee commitments		
On behalf of banks	6,598	5,279
On behalf of customers(1)	88,779	74,433
Securities commitments		
Securities to be delivered	38,200	32,999
Acquisition of tangible assets commitments		
Purchase of vehicles and underlying assets subject to an operating lease	6,344	4,682

(1) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

COMMITMENTS RECEIVED

(In EURm)	31.12.2022	31.12.2021
Loan commitments		
From banks	86,440	69,878
Guarantee commitments		
From banks	127,233	121,852
Other commitments[(1)]	178,486	161,679
Securities commitments		
Securities to be received	38,452	35,391

(1) These commitments include the guarantee granted by French government related to the State Guaranteed Loans (see Note 1.6).

NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

(In EURm)	31.12.2022	31.12.2021
Book value of assets pledged as security for liabilities[(1)]	357,694	331,262
Book value of assets pledged as security for transactions in financial instruments[(2)]	85,671	85,822
Book value of assets pledged as security for off-balance sheet commitments	3,709	2,715
TOTAL	**447,074**	**419,799**

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).
(2) Assets pledged as security for transactions in financial instruments mainly include security deposit.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2022	31.12.2021
Fair value of securities purchased under resale agreements	**150,615**	**100,327**

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 3.11 Transferred financial assets

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under Liabilities on the liabilities side of the balance sheet, with the exception of the transactions initiated under trading activities, which are recorded under Financial liabilities at fair value through profit or loss.

Securities involved in a reverse repurchase agreement or a securities borrowing transaction are not recorded in the Group's balance sheet. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under Customer Loans and receivables or Due from banks on the asset side of the balance sheet, with the exception of transactions initiated under trading activities which are recorded under "Financial assets" at fair value through profit or loss. If the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under Financial liabilities at fair value through profit or loss.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases in the value of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

NOTE 3.11.1 TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31.12.2022		31.12.2021	
(In EURm)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	14,992	11,876	18,705	15,304
Securities at fair value through other comprehensive income	11,355	9,090	11,251	9,062
Securities at amortised cost	249	239	-	-
TOTAL	**26,596**	**21,205**	**29,956**	**24,366**

SECURITIES LENDING

	31.12.2022		31.12.2021	
(In EURm)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	12,455	-	14,373	-
Securities at fair value through other comprehensive income	249	-	241	-
Securities at amortised cost	8	-	8	-
TOTAL	**12,712**	**-**	**14,622**	**-**

SECURITISATION ASSETS FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

(In EURm)	31.12.2022	31.12.2021
Customers loans		
Carrying amount of transferred assets	4,613	5,461
Carrying amount of associated liabilities	4,188	4,977
Fair value of transferred assets (A)	4,750	5,628
Fair value of associated liabilities (B)	4,188	4,991
Net position (A) - (B)	**562**	**637**

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2022, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 Offsetting financial assets and financial liabilities

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These tables also indicate the amounts which may be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP. This affects in particular financial instruments that may only be offset in the event of the default, insolvency or bankruptcy of one of the counterparties, as well as instruments pledged by cash or securities collateral. These mainly include over-the-counter interest rate options, interest rate swaps and securities purchased/sold under resale/repurchase agreements.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

NOTE 3.12.1 AT 31 DECEMBER 2022

ASSETS

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[1]			
(In EURm)	Amount of assets not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	11,397	192,172	(94,785)	108,784	(70,657)	(9,292)	-	28,835
Securities lent	3,951	8,809	-	12,760	(6,996)	(39)	-	5,725
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	50,098	200,497	(99,980)	150,615	(7,927)	(1,634)	(61,768)	79,286
Guarantee deposits pledged (see Note 4.4)	54,730	14,154	-	68,884	-	(14,154)	-	54,730
Other assets not subject to offsetting	1,145,775	-	-	1,145,775	-	-	-	1,145,775
TOTAL	**1,265,951**	**415,632**	**(194,765)**	**1,486,818**	**(85,580)**	**(25,119)**	**(61,768)**	**1,314,351**

LIABILITIES

(In EURm)	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[(1)]			
		Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	14,778	198,239	(94,785)	118,232	(70,657)	(14,154)	-	33,421
Amount payable on borrowed securities (see Note 3.1)	32,235	18,866	-	51,101	(6,996)	-	-	44,105
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	43,652	170,222	(99,980)	113,894	(7,927)	-	(51,400)	54,567
Guarantee deposits received (see Note 4.4)	63,341	10,965	-	74,306	-	(10,965)	-	63,341
Other liabilities not subject to offsetting	1,056,503	-	-	1,056,503	-	-	-	1,056,503
TOTAL	**1,210,509**	**398,292**	**(194,765)**	**1,414,036**	**(85,580)**	**(25,119)**	**(51,400)**	**1,251,937**

(1) *Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.*

NOTE 3.12.2 AT 31 DECEMBER 2021

ASSETS

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[(1)]			
		Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2)	17,748	176,550	(80,704)	113,594	(70,403)	(13,415)	(129)	29,647
Securities lent	7,210	7,413	-	14,623	(6,266)	-	-	8,357
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	27,841	168,315	(95,828)	100,328	(9,925)	(511)	(38,360)	51,532
Guarantee deposits pledged (see Note 4.4)	63,074	14,510	-	77,584	-	(14,510)	-	63,074
Other assets not subject to offsetting	1,158,320	-	-	1,158,320	-	-	-	1,158,320
TOTAL	**1,274,193**	**366,788**	**(176,532)**	**1,464,449**	**(86,594)**	**(28,436)**	**(38,489)**	**1,310,930**

LIABILITIES

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements[1]			Net amount
		Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instru-ments recognis-ed in the balance sheet	Cash collateral pledged	Financial instru-ments pledged as collateral	
Derivative financial instrument (see Notes 3.1 and 3.2)	22,503	175,233	(80,704)	117,032	(70,404)	(14,510)	-	32,118
Amount payable on borrowed securities (see Note 3.1)	28,647	17,174	-	45,821	(6,266)	-	-	39,555
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	27,794	162,950	(95,828)	94,916	(9,925)	-	(35,158)	49,833
Guarantee deposits received (see Note 4.4)	58,742	13,926	-	72,668	-	(13,926)	-	58,742
Other liabilities not subject to offsetting	1,063,149	-	-	1,063,149	-	-	-	1,063,149
TOTAL	**1,200,835**	**369,283**	**(176,532)**	**1,393,586**	**(86,595)**	**(28,436)**	**(35,158)**	**1,243,397**

(1) *Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.*

NOTE 3.13 Contractual maturities of financial liabilities

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2022
Due to central banks	8,361	-	-	-	8,361
Financial liabilities at fair value through profit or loss	197,843	29,651	39,005	34,119	300,618
Due to banks	49,803	39,639	42,213	1,333	132,988
Customer deposits	475,608	27,233	23,101	4,822	530,764
Debts securities issued	34,158	24,030	46,583	28,405	133,176
Subordinated debt	3	-	6,062	9,881	15,946
Other liabilities	100,859	1,969	2,864	1,861	107,553
TOTAL LIABILITIES	**866,635**	**122,522**	**159,828**	**80,421**	**1,229,406**
Loan commitments granted and others[1]	139,147	44,876	110,979	24,260	319,262
Guarantee commitments granted	44,414	23,233	14,540	13,190	95,377
TOTAL COMMITMENTS GRANTED	**183,561**	**68,109**	**125,519**	**37,450**	**414,639**

(1) *This line includes commitments relating to the purchase of vehicles and underlying equipment subject to an operating lease.*

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there are no contractual terms, as well as for trading financial instruments (*e.g.*: derivatives), maturities are presented in the first column (up to three months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of disposal; if not available, they are presented in the first column (up to three months).

NOTE 4 OTHER ACTIVITIES

NOTE 4.1 Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

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

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognised under Other Assets and Other Liabilities (see Note 4.4):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees for services rendered is then recorded under Fee income at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

	2022			2021		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	**133**	**(110)**	**23**	**161**	**(107)**	**54**
Transactions with customers	**3,100**		**3,100**	**3,028**		**3,028**
Financial instruments operations	**2,475**	**(2,432)**	**43**	**2,288**	**(2,379)**	**(91)**
Securities transactions	495	(991)	(496)	532	(1,105)	(573)
Primary market transactions	162		162	213		213
Foreign exchange transactions and derivatives instruments	1,818	(1,441)	377	1,543	(1,274)	269
Loan and guarantee commitments	**974**	**(424)**	**550**	**894**	**(261)**	**633**
Various services	**2,653**	**(1,195)**	**1,458**	**2,791**	**(1,095)**	**1,696**
Asset management fees	329		329	659		659
Means of payment fees	1,072		1,072	921		921
Insurance product fees	200		200	256		256
Underwriting fees of UCITS	75		75	93		93
Other fees	977	(1,195)	(218)	862	(1,095)	(233)
TOTAL	**9,335**	**(4,161)**	**5,174**	**9,162**	**(3,842)**	**5,320**

NOTE 4.2 Income and expense from other activities

ACCOUNTING PRINCIPLES

Leasing activities

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.4).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.4). Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

Income and expenses, and capital gains or losses on investment properties and leased assets, as well as income and expense on maintenance services related to operating lease activities, are recorded under Income and expenses from other activities on the Real estate leasing and Equipment leasing lines.

These lines also include the losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and the capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

The leases granted by the Group entities may include the maintenance service of the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

Real estate development activities

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme’s duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme’s estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

	2022			2021		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	69	-	69	79	-	79
Real estate leasing	34	(130)	(96)	40	(56)	(16)
Equipment leasing(1)	12,490	(9,466)	3,024	11,630	(9,532)	2,098
Other activities	628	(928)	(300)	488	(850)	(362)
TOTAL	**13,221**	**(10,524)**	**2,697**	**12,237**	**(10,438)**	**1,799**

(1))The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and car fleet management businesses, of which EUR 753 million related to the car sales result as at 31 December 2022 (vs EUR 443 million as at 31 December 2022). Most of the Group’s long-term lease agreements are 36-month to 48-month leases.

NOTE 4.3 Insurance activities

MAKING IT SIMPLE

Insurance activities (life insurance, personal protection and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector as well as the presentation of income and expenses on the Group's insurance activities that are disclosed in this note and which are classified on the basis of their function.

DEFERRED APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The amendments to IFRS 17 and IFRS 4 published by IASB on 25 June 2020 as well as the Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020 allow financial conglomerates falling within the scope of Directive 2002/87/EC to defer until 1 January 2023 the implementation of IFRS 9 by their entities belonging to the insurance sector.

The Group has therefore maintained the decision that all its insurance subsidiaries will defer the effective date of IFRS 9 and will continue to apply IAS 39 as adopted by the European Union. The Group maintained the necessary arrangements to forbid all transfers of financial instruments between its insurance sector and any other sector in the Group that would lead to a derecognition of the instrument by the seller, except for transfers of financial instruments measured at fair value through profit or loss by both sectors involved in such transfers.

In accordance with the ANC recommendation of 2 June 2017 related to the consolidated statements of banking institutions with the international accounting standards, separate lines in the consolidated financial statements for clarification purposes: Investments of insurance activities under balance sheet assets, Insurance contracts related liabilities under balance sheet liabilities and Net income from insurance activities under Net banking income in the income statement.

The main subsidiaries concerned are Sogécap, Antarius, Sogelife, Oradea Vie, Komercni Pojistovna A.S. and Sogessur.

NOTE 4.3.1 INSURANCE CONTRACTS RELATED LIABILITIES

ACCOUNTING PRINCIPLES

Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations, with the exception of certain prudential provisions that are cancelled (liquidity risk provision) or recalculated economically (mainly, overall management reserve).

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

In saving-life insurance products:

- underwriting reserves of saving-life insurance contracts invested in EUR-denominated policies with profit sharing clauses consist primarily of mathematical provisions and provisions for profit-sharing;
- underwriting reserves of saving-life insurance contracts invested in unit-linked policies or with a significant insurance clause (mortality, invalidity, etc.) are measured at the inventory date according to the realisation value of the assets underlying these contracts.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in Deferred profit-sharing. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first approach consists in simulating deterministic (“standardised” or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified considering projections based on extreme scenarios.

Moreover, a Liability Adequacy Test (LAT) is also carried out quarterly at the level of each consolidated entities operating in the insurance. This test involves comparing the carrying amount of insurance liabilities with the average economic value using a stochastic model of future cash flows. This test takes into account all of the future cash flows from policies, including benefits, management charges, fees, policy options and guarantees related to the contracts; It does not include future premiums. If the test concludes that the book value is insufficient, the value of insurance liabilities will be adjusted with a corresponding entry in the income statement.

Classification of financial liabilities

At initial recognition, financial liabilities resulting from the Group’s insurance activities are classified in the following accounting categories:

- financial liabilities measured at fair value through profit or loss: these are derivative financial liabilities;
- financial liabilities measured at fair value option through profit or loss: these are non-derivative financial liabilities that were initially designated by the Group to be measured at fair value through profit or loss (using the option). These include investment contracts without both discretionary profit-sharing clauses and insurance component, that do not meet the definition of an insurance contract under IFRS 4 (unit-linked insurance contracts only) and are thus governed by IAS 39.

BREAKDOWN

(In EURm)	31.12.2022	31.12.2021
Underwriting reserves of insurance companies	138,140	151,148
Financial liabilities of insurance companies	3,548	4,140
Financial liabilities at fair value through profit or loss	*579*	*520*
Financial liabilities at fair value through profit or loss (fair value option)	*2,969*	*3,620*
TOTAL	**141,688**	**155,288**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In EURm)	31.12.2022	31.12.2021
Life insurance underwriting reserves for unit-linked policies	42,850	44,138
Other life insurance underwriting reserves	93,134	94,280
Non-life insurance underwriting reserves	2,147	2,020
Deferred profit-sharing booked in liabilities	9	10,710
TOTAL	**138,140**	**151,148**
Attributable to reinsurers	(681)	(776)
Deferred profit-sharing booked in assets(1)	(1,175)	-
Underwriting reserves of insurance net of the share attributable to reinsurers	**136,284**	**150,372**

(1) In accordance with the CNC Recommendation of 19 December 2008, a recoverability test was carried out on the provisions for deferred profit-sharing booked as assets, to verify that the deduction of this amount from the future profit-sharing of policyholders is highly probable. The accounting method used to determine the deferred profit-sharing booked as assets takes into account the fair value of the assets compared to their historical value. The recoverability test uses cash flow forecasts relying on different economic scenarios based on historical collection and repurchases; this test is conclusive, as the results achieved do not call for the sale of assets with an unrealised loss. Secondly, cash flows projections were carried out based on a scenario in a deteriorated environment in terms of turnover, market conditions and exit rate. Thus, in a scenario of a rate increase (immediate and maintained over the projection horizon) and a fall in turnover of up to more than 50%, the sales of assets necessary to meet liquidity needs on the projection horizon do not generate capital losses based on the inventory situation.

STATEMENT OF CHANGES IN UNDERWRITING RESERVES EXCLUDING DEFERRED PROFIT SHARING

(In EURm)	Life insurance underwriting reserves for unit-linked policies	Other life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves as at 1 January 2022	**44,138**	**94,280**	**2,020**
Net allocation to insurance reserves	1,600	(2,576)	172
Revaluation of unit-linked policies	(4,702)	-	-
Charges deducted from unit-linked policies	(284)	-	-
Transfers and allocation adjustments	821	(821)	-
New customers	958	444	-
Profit-sharing	268	1,479	-
Others	51	328	(45)
Reserves as at 31 December 2022	**42,850**	**93,134**	**2,147**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2022. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. The result of the test as at 31 December 2022 does not show any insufficiency of technical liabilities.

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2022
Underwriting reserves of insurance companies	**4,643**	**9,836**	**38,758**	**84,903**	**138,140**

NOTE 4.3.2 INVESTMENTS OF INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Classification of financial instruments

When initially recognised, financial assets from Group insurance activities are classified into one of the following four categories:

- financial assets at fair value through profit or loss: these are financial assets held for trading purposes (see definition in Note 3.1), which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the insurance entity upon initial recognition to be carried at fair value through profit or loss (using the option). In particular, insurance entities measure at fair value using the option the financial assets representing unit-linked contracts in order to eliminate the accounting mismatch with the related insurance liabilities, as well as interests in UCITS over which a significant influence exists;
- available-for-sale financial assets: these are non-derivative financial assets held for an indeterminate period, which the insurance entity may sell at any time. By default, they are any assets that do not fall into one of the one of the other categories. These instruments are measured at fair value against Unrealised or deferred gains and losses. Interests accrued or paid on debt securities are recognised in profit or loss using the effective interest rate method while dividend income earned on equity securities is recorded under Net gains and losses on available-for-sale financial assets. If there is an objective evidence on an individual basis, the total accumulated unrealised loss previously recorded in shareholders' equity is reclassified in profit or loss under Net Income from insurance activities;
- loans and receivables: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual basis, may be recorded if appropriate;
- held-to-maturity financial assets: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate whether objective evidence of impairment exists individually.

All these categories are presented on the insurance entity's balance sheet under the Investments of insurance companies, which also includes investment properties held by insurance entities and hedge derivatives assessed in accordance with the accounting principles respectively presented in Note 8.4 and Note 3.2.

Reclassification of financial assets

After their initial recognition, financial assets may not be later reclassified as Financial assets at fair value through profit or loss.

A non-derivative financial asset initially recognised under Financial assets at fair value through profit or loss as an asset held for trading purposes may only be reclassified out of this category under specific conditions framed by IAS 39 standard.

IMPAIRMENT

Impairment of financial assets measured at amortised cost

For debt instruments not measured at fair value through net income, the criteria used by the insurance entity's insurance entities to assess individually objective evidence of impairment include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfil its overall commitments, implying then a risk of loss for the insurance entity (the appreciation of this deterioration can be based on the evolution of the rating of the issuers or the variations of the credit spreads changes observed on these markets);
- the occurrence of late payment of coupons and more generally of arrears of more than 90 days;
- or, regardless of whether or not any past-due payments are recorded. There is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees. This discount is calculated using the financial assets' original effective interest rate. The amount of this impairment is deducted from the carrying value of the impaired financial asset.

The allocations and reversals of impairments are recorded under "Net income from investments" in the Net income from insurance activities. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under interest income in the Net income from insurance activities.

Impairment of available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, insurance entities consider as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the insurance entities to consider that the cost of its investment may not be recovered even if the abovementioned criteria are not met. An impairment loss is then recorded through net income equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under Unrealised or deferred gains and losses and subsequent objective evidence of impairment emerges, insurance entities recognise the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement among under net income from investments in the Net income from insurance activities for equity instruments and under Cost of risk for debt instruments.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

OTHER ACCOUNTING PRINCIPLES

Accounting principles relative to fair value, initial recognition of financial instruments, derecognition of financial instruments, derivative financial instruments, interest income and expense, transferred financial assets and offsetting of financial instruments are similar to those described in Note 3 "Financial instruments".

OVERVIEW

(In EURm)	**31.12.2022**	**31.12.2021**
Financial assets at fair value through profit or loss (trading portfolio)	837	211
Shares and other equity instruments	*17*	*36*
Trading derivatives	*820*	*175*
Financial assets at fair value through profit or loss (fair value option)	78,319	84,448
Bonds and other debt instruments	*32,942*	*34,280*
Shares and other equity instruments	*44,980*	*49,592*
Loans, receivables and repo transactions	*397*	*576*
Hedging derivatives	121	353
Available-for-sale financial assets	74,263	88,486
Debt instruments	*59,296*	*74,084*
Equity instruments	*14,967*	*14,402*
Due from banks(2)	4,282	4,771
Customer loans	82	69
Held-to-maturity financial assets	-	22
Real estate investments	511	538
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES(1)(2)	**158,415**	**178,898**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 1,270 million current accounts as at 31 December 2022 vs EUR 1,207 million as at 31 December 2021.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Net investments from insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments). Basic instruments held among a trading portfolio or those are managed and whose performance is evaluated on a fair value basis (*i.e.*, financial instruments measured at fair value through profit or loss using fair value option) are presented in the column Other instruments.

	31.12.2022					
	Carrying amount			Fair value		
(In EURm)	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
Financial assets at fair value through profit or loss	-	79,156	79,156	-	79,156	79,156
Hedging derivatives	-	121	121	-	121	121
Available-for-sale financial assets	57,155	17,108	74,263	57,155	17,108	74,263
Due from banks	2,627	1,655	4,282	2,648	1,659	4,307
Customer loans	82	-	82	82	-	82
Held-to-maturity financial assets	-	-	-	-	-	-
TOTAL FINANCIAL INVESTMENTS	**59,864**	**98,040**	**157,904**	**59,885**	**98,044**	**157,929**

	31.12.2021					
	Carrying amount			Fair value		
(In EURm)	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
Financial assets at fair value through profit or loss	-	84,659	84,659	-	84,659	84,659
Hedging derivatives	-	353	353	-	353	353
Available-for-sale financial assets	71,537	16,949	88,486	71,537	16,949	88,486
Due from banks	2,559	2,212	4,771	2,717	2,265	4,982
Customer loans	69	-	69	70	-	70
Held-to-maturity financial assets	22	-	22	22	-	22
TOTAL FINANCIAL INVESTMENTS	**74,187**	**104,173**	**178,360**	**74,346**	**104,226**	**178,572**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	31.12.2022			
(In EURm)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss using fair value option	17	815	5	837
Financial assets at fair value through profit or loss using the fair value option	66,013	10,261	2,045	78,319
Hedging derivatives	-	121	-	121
Available-for-sale financial assets	63,100	4,465	6,698	74,263
TOTAL	**129,130**	**15,662**	**8,748**	**153,540**

	31.12.2021			
(In EURm)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss using fair value option	36	174	1	211
Financial assets at fair value through profit or loss using the fair value option	72,819	9,638	1,991	84,448
Hedging derivatives	-	353	-	353
Available-for-sale financial assets	78,236	4,827	5,423	88,486
TOTAL	**151,091**	**14,992**	**7,415**	**173,498**

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

(In EURm)	2022
Balance as at 1 January	**88,486**
Acquisitions	9,861
Disposals/redemptions	(12,146)
Transfers to held-to-maturity financial assets	-
Change in scope and others	(706)
Gains and losses on changes in fair value recognised directly in equity during the period	(11,094)
Changes in impairment of debt instruments recorded in profit or loss	-
Impairment on equity instruments recognised in profit or loss	(147)
Translation differences	9
Balance as at 31 December	**74,263**

UNREALISED GAINS AND LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	31.12.2022		
(In EURm)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**88**	**(960)**	**(872)**
On available-for-sale equity instruments	*2,527*	*(289)*	*2,238*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*570*	*(5,670)*	*(5,100)*
Deferred profit-sharing	*(3,009)*	*4,999*	*1,990*

	31.12.2021		
(In EURm)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**431**	**(82)**	**349**
On available-for-sale equity instruments	*2,892*	*(70)*	*2,822*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*5,904*	*(292)*	*5,612*
Deferred profit-sharing	*(8,365)*	*280*	*(8,085)*

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2022	31.12.2021
Fair value of securities purchased under resale agreements	**2**	**4**

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 4.3.3 NET INCOME FROM INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Income and expense related to insurance contracts

Income and expense related to insurance contracts issued by Group insurance companies, associated fee income and expense, and income and expense related to investments of insurance companies are recorded under Net income from insurance activities in the income statement.

Other income and expense are recorded under the appropriate headings.

Changes in the provision for deferred profit-sharing are recorded under Net income from insurance activities in the income statement or under Unrealised or deferred gains and losses under the appropriate headings for the underlying assets in question.

The following table shows the breakdown (after eliminating intercompany transactions):

- income and expense from insurance activities and associated investments on a separate line under Net Banking Income: Net income from insurance activities;
- funding costs of insurance activities recorded under Interest and similar expense;
- impairment debt instruments of insurance activities and the deferred profit-sharing recorded under Cost of risk.

(In EURm)	2022	2021
Net premiums	14,228	15,692
Net income from investments	1,414	3,540
Cost of benefits (including changes in reserves)[1]	(13,367)	(16,984)
Other net technical income (expense)	(64)	(10)
Net income from insurance activities	**2,211**	**2,238**
Funding costs	(5)	(5)
Cost of risk	-	-
o/w impairment of debt instruments	-	*2*
o/w which deferred profit sharing	-	*(2)*

(1) o/w EUR 1,022 million in respect of deferred profit-sharing as at 31 December 2022 (vs EUR 2,966 million as at 31 December 2021).

NET INCOME FROM INVESTMENTS

(In EURm)	2022	2021
Dividend income on equity instruments	1,085	878
Interest income	1,607	1,664
On available-for-sale financial assets	*1,429*	*1,472*
On loans and receivables	*150*	*161*
Other net interest income	*28*	*31*
Net gains or losses on financial instruments at fair value through profit or loss	(1,105)	848
Net gains or losses on available-for-sale financial instruments	(182)	145
Capital gain or loss on sale of debt instruments	*(139)*	*25*
Capital gain or loss on sale of equity instruments	*104*	*142*
Impairment values on equity instruments	*(147)*	*(22)*
Net gains or losses on real estate investments	9	5
TOTAL NET INCOME FROM INVESTMENTS	**1,414**	**3,540**

NOTE 4.3.4 MANAGEMENT OF INSURANCE RISKS

The Group carries out its insurance activities through the distribution and reinsurance acceptance of a wide range of life insurance, protection and health insurance, and non-life insurance policies. Since the life insurance business is predominant on the French market in the Group's insurance activities, the market risks of financial assets in terms of technical liabilities constitute the most significant exposure. Within market risks, the insurance business line is sensitive to shocks in interest rates, equity markets and credit spreads. In connection with the life insurance savings activity, a risk of withdrawals is also significant.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy just like objectives on long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behaviour (redemption);
- close monitoring of financial markets;
- hedging of exchange rate risks (both rising and falling);
- defining thresholds and limits per counterparty, per rating issuer and per category of assets;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

BREAKDOWN OF NET INVESTMENTS BY RATING OF BASIC INSTRUMENTS

The following table shows the gross carrying amounts after eliminating intercompany transactions.

	31.12.2022			
(In EURm)	Available-for-sale financial assets	Due from banks	Customer loans	Total
AAA	2,766	207	-	2,973
AA+/AA/AA-	28,315	759	-	29,074
A+/A/A-	13,254	447	-	13,701
BBB+/BBB/BBB-	12,213	185	-	12,398
BB+/BB/BB-	600	-	-	600
B+/B/B-	-	-	-	-
CCC+/CCC/CCC-	-	-	-	-
CC+/CC/CC-	-	-	-	-
Lower than CC-	-	-	-	-
Without rating	7	1,029	82	1,118
TOTAL BEFORE IMPAIRMENT	**57,155**	**2,627**	**82**	**59,864**
Impairment	-	-	-	-
Carrying amount	**57,155**	**2,627**	**82**	**59,864**

The rating scale is the scale used for Solvency 2 purposes, which calls for the second highest rating determined by the rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings) to be used. The ratings in question apply to issues or, where these are not available, to issuers.

NOTE 4.4 Other assets and liabilities

NOTE 4.4.1 OTHER ASSETS

(In EURm)	31.12.2022	31.12.2021
Guarantee deposits paid[1]	68,884	77,584
Settlement accounts on securities transactions	3,895	4,265
o/w due from clearing houses bearing credit risk	*262*	*262*
Prepaid expenses	1,385	1,120
Miscellaneous receivables[2]	9,336	8,473
o/w miscellaneous receivables bearing credit risk[3]	*3,928*	*3,778*
Miscellaneous receivables – insurance	1,991	1,874
GROSS AMOUNT	**85,491**	**93,316**
Impairments	(419)	(418)
Credit risk[3]	*(295)*	*(284)*
Other risks	*(124)*	*(134)*
NET AMOUNT	**85,072**	**92,898**

(1) Mainly relates to guarantee deposits paid on financial instruments, their fair value is assumed to be the same as their book value net of impairment for credit risk.
(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 1,258 million as at 31 December 2022, compared to EUR 952 million as at 31 December 2021.
(3) Net value of miscellaneous receivables bearing credit risk amounts to EUR 3,633 million as at 31 December 2022, compared to EUR 3,494 million as at 31 December 2021 (see Note 3.8).

NOTE 4.4.2 OTHER LIABILITIES

(In EURm)	31.12.2022	31.12.2021
Guarantee deposits received[1]	74,306	72,668
Settlement accounts on securities transactions	4,759	5,343
Expenses payable on employee benefits	2,610	2,754
Lease liability	2,104	2,318
Deferred income	1,297	1,688
Miscellaneous payables[2]	17,097	12,623
Miscellaneous payables – insurance	5,380	8,911
TOTAL	**107,553**	**106,305**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is assumed to be the same as their book value.
(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

MAKING IT SIMPLE

Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits…);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

NOTE 5.1 Personnel expenses and related party transactions

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group's related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

NOTE 5.1.1 PERSONNEL EXPENSES

(In EURm)	2022	2021
Employee compensation	(7,244)	(6,785)
Social security charges and payroll taxes	(1,655)	(1,734)
Net pension expenses – defined contribution plans	(709)	(764)
Net pension expenses – defined benefit plans	(61)	(136)
Employee profit-sharing and incentives	(383)	(345)
TOTAL	**(10,052)**	**(9,764)**
Including net expenses from share – based payments	*(196)*	*(197)*

NOTE 5.1.2 RELATED-PARTY TRANSACTIONS

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below according to the nomenclature of IAS 24 – paragraph 17.

(In EURm)	2022	2021
Short-term benefits	10.0	9.9
Post-employment benefits	0.4	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.4	2.8
TOTAL	**12.8**	**13.1**

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding as at 31 December 2022 for a total amount of EUR 2.3 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale group as at 31 December 2022 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Ms Lebot and Mr. Aymerich and the three staff-elected Directors) is EUR 5.7 million.

NOTE 5.2 Employee benefits

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- others long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- termination benefits.

Short-term employee benefits

Short-term employee benefits are recognised as Expenses payable on employee benefits. The settlement is expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing.

Post-employment benefits

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under Provisions, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies. Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits. When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations. When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under Financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among Unrealised or deferred gains and losses. These items cannot be subsequently reclassified as income and are presented under Retained earnings on the liabilities side of the balance sheet and on a separate line under the Statement of net income and unrealised or deferred gains and losses.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of the additional entitlements vested by each employee (current service cost), past service cost resulting from a plan amendment or a curtailment, the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset), plan settlements.

Other long-term benefits

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

Termination benefits

Termination benefits refer to the benefits to be granted to an employee following the termination by the entity of the staff member's employment contract before the normal retirement age or the decision of the staff member to voluntarily leave in exchange for these benefits.

Termination benefits payable more than 12 months after the closing date shall be discounted.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Provisions as at 31.12.2021	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31.12.2022
Post-employment benefits	1,711	93	(80)	13	(96)	(454)	(3)	1,171
Other long-term benefits	422	282	(37)	245	(60)	-	(3)	604
Termination benefits(1)	168	153	(47)	106	(31)	(13)	(3)	227
TOTAL	**2,301**	**528**	**(164)**	**364**	**(187)**	**(467)**	**(9)**	**2,002**

(1) Termination benefits include in particular the expenses from voluntary redundancy related to the New French Retail Banking organisation project presented by the Group in Q4 2021, which led to the legal merger of Crédit du Nord and Societe Generale on 1 January 2023. The accounting treatment of the expenses for these measures has been equated with the post-employment benefits.

NOTE 5.2.1 EMPLOYMENT DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

NOTE 5.2.2 POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, inthe United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale as described in the Chapter 3 "Corporate Governance" of the present Universal Registration Document. This allowance depends in particular on the beneficiary's seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate (cash balance scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2022			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	875	576	847	2,298
B – Fair value of plan assets	72	604	506	1,182
C – Fair value of separate assets	1,002	-	-	1,002
D – Change in asset ceiling	-	-	22	22
A - B - C + D = Net balance	**(199)**	**(28)**	**363**	**136**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**805**	**-**	**367**	**1,171**
ON THE ASSETS SIDE OF THE BALANCE SHEET[(1)]	**1,004**	**28**	**4**	**1,036**

(1) *o/w EUR 1,002 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 33 million linked to surplus assets under Other assets.*

	31.12.2021			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	1,277	934	1,125	3,336
B – Fair value of plan assets	77	1,003	618	1,699
C – Fair value of separate assets	1,330	-	1	1,331
D – Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	**(130)**	**(69)**	**505**	**306**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**1,201**	**-**	**510**	**1,711**
ON THE ASSETS SIDE OF THE BALANCE SHEET[(1)]	**1,331**	**69**	**5**	**1,405**

(1) *o/w EUR 1,331 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 74 million linked to surplus assets under Other assets.*

COMPONENTS OF THE COST OF DEFINED BENEFITS

(In EURm)	2022	2021
Current service cost including social security contributions	90	132
Employee contributions	(5)	(5)
Past service cost/curtailments	(20)	2
Transfer *via* the expense	0	0
Net interest	2	2
A – Components recognised in income statement	**67**	**131**
Actuarial gains and losses on assets	802	(159)
Actuarial gains and losses due to changes in demographic assumptions	2	(11)
Actuarial gains and losses due to changes in economic and financial assumptions	(917)	(46)
Actuarial gains and losses due to experience	(1)	(20)
Change in asset ceiling	22	0
B – Components recognised in unrealised or deferred gains and losses	**(92)**	**(236)**
C = A + B TOTAL COMPONENTS OF THE COST OF DEFINED BENEFITS	**(25)**	**(105)**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(In EURm)	2022	2021
Balance as at 1 January	**3,336**	**3,319**
Current service cost including social security contributions	90	132
Past service cost/curtailments	(20)	2
Settlements	-	0
Net interest	43	28
Actuarial gains and losses due to changes in demographic assumptions	2	(11)
Actuarial gains and losses due to changes in economic and financial assumptions	(917)	(45)
Actuarial gains and losses due to experience	(1)	(20)
Foreign exchange adjustment	(10)	102
Benefit payments	(190)	(156)
Change in consolidation scope	(33)	(0)
Transfers and others	(2)	(15)
Balance as at 31 December	**2,298**	**3,336**

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

	Plan assets		Separate assets	
(In EURm)	2022	2021	2022	2021
Balance as at 1 January	**1,699**	**1,655**	**1,331**	**1,150**
Interest expenses on assets	29	22	12	4
Actuarial gains and losses on assets	(466)	(24)	(336)	183
Foreign exchange adjustment	(10)	103	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	13	16	-	-
Benefit payments	(79)	(78)	(5)	(4)
Change in consolidation scope	(9)	-	-	-
Transfers and others	-	-	-	(2)
Change in asset ceiling	(22)	-	-	-
Balance as at 31 December	**1,160**	**1,699**	**1,002**	**1,331**

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 95% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France, the United Kingdom and the United States are fully hedged, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 65% bonds, 16% equities and 19% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 257 million.

Employer contributions to be paid to post-employment defined benefit plans for 2023 are estimated at EUR 14 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources Departments of the entities, by ad hoc structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

(In EURm)	2022	2021
Plan assets	(437)	(2)
Separate assets	(325)	191

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2022	31.12.2021
Discount rate		
France	3.62%	0.85%
United-Kingdom	4.80%	1.81%
Others	4.07%	1.55%
Long-term inflation		
France	2.45%	2.07%
United-Kingdom	3.30%	3.47%
Others	2.01%	1.79%
Future salary increase		
France	1.48%	1.44%
United-Kingdom	N/A	N/A
Others	1.40%	1.35%
Average remaining working lifetime of employees *(in years)*		
France	7.84	8.37
United-Kingdom	3.07	4.09
Others	8.83	9.12
Duration (in years)		
France	11.63	13.90
United-Kingdom	12.69	16.21
Others	11.94	14.55

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefit plans.

SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO THE CHANGES IN MAIN ACTUARIAL ASSUMPTION

(Percentage of item measured)	31.12.2022	31.12.2021
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-6%	-7%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	4%	4%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	1%	2%

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations. Note that a 100 bp increase in discount rates and inflation rates would result in a 11% decrease in liabilities and a rise of 7% in liabilities, respectively. A decrease in the discount rates and the inflation rates of 100 bp would result in a 13% increase in liabilities and a 6% decrease in liabilities, respectively.

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

(In EURm)	2022	2021
N+1	166	157
N+2	150	147
N+3	163	154
N+4	165	165
N+5	152	166
N+6 to N+10	853	816

NOTE 5.3 Share-based payment plans

ACCOUNTING PRINCIPLES

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (compensation indexed on Societe Generale, or one of its subsidiaries, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiaries, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte-Carlo* model is used. Valuations are performed by independent actuaries.

The vesting conditions for beneficiaries of payments based on Societe Generale shares include conditions of presence and performance. The performance conditions may be based on the Group's financial data (for instance, the Group's profitability, or the relative performance of the Societe Generale share) and/or on the Group's non-financial data (for instance, the achievement of the Group's objectives in terms of social and environmental responsibility – CSR).

EXPENSES RECORDED IN THE INCOME STATEMENT

	31.12.2022			31.12.2021		
(In EURm)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from purchase plans, stock option and free share plans	104	92	196	145	48	193

The description of Societe Generale stock-options plans and free share plans, which supplements this note, is presented in Chapter 3 of the present Universal Registration Document (Corporate governance).

EMPLOYEE SHARE OWNERSHIP PLAN

On 17 May 2022, as part of the Group's employee share ownership policy, Societe Generale offered its employees the opportunity to subscribe to a reserved capital increase at a share price of 18.47 euros, *i.e.* a 20 percent discount compared to the average market price of the Societe Generale shares during the 20 trading days prior to this date. 12,759,346 shares were subscribed, representing, for the Group, an expense for the financial year 2022 of 44 million euros after taking into account the legal five-year restriction period of the shares.

The valuation model used compares the gain that the employee would have obtained had he immediately received the Societe Generale shares with the notional cost represented for him by the five-year blocking period. The notional cost of this restriction on the disposal of the shares is valuated as the net cost of a cash purchase of Societe Generale shares financed by a five-year open, non-revolving, credit facility, and a five-year forward sale of the same shares. The main market parameters used to valuate this notional restriction cost on the date of attribution are the following:

- average share price of Societe Generale (during the subscription period): EUR 25.08;
- interest rate of a five-year open credit facility applicable to market stakeholders benefiting from the restricted shares: 3.17%.

The notional cost of the restriction on disposal thus valuated accounts for 12.7% of the average share price of Societe Generale on the date of attribution.

NOTE 6 INCOME TAX

MAKING IT SIMPLE

Income tax expenses are presented separately from other taxes which are classified among Other operating expenses. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

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

ACCOUNTING PRINCIPLES

Current taxes

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

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

Deferred taxes

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments.

Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry-forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry-forwards can also be used against future taxable profit.

Tax loss carry-forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under Income tax. However, deferred taxes related to gains and losses recorded under Unrealised or deferred gains and losses are also recognised under the same heading in shareholders' equity.

Tax uncertainties

There may be uncertainty over the tax treatments applied by the Group. If it is probable that the tax Authority will not accept some tax treatments, these uncertainties shall be booked under Tax expenses/income by the counterpart of Provisions for tax adjustments recorded among Tax liabilities.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

NOTE 6.1 Breakdown of the tax expense

(In EURm)	2022	2021
Current taxes	(1,274)	(1,272)
Deferred taxes	(286)	(425)
TOTAL	**(1,560)**	**(1,697)**

RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE

	2022		2021	
(In EURm)	**In %**	**In EURm**	**In %**	**In EURm**
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**4,492**		**8,143**
Group effective tax rate	**34.72%**		**20.84%**	
Permanent differences	0.77%	35	0.75%	61
Differential on securities with tax exemption or taxed at reduced Rate[1]	-13.20%	(593)	1.28%	104
Tax rate differential on profits taxed outside France	2.33%	104	3.13%	255
Changes in the measurement of deferred tax assets/liabilities[2]	1.21%	54	2.41%	196
Normal tax rate applicable to French companies (including 3.3% national contribution)	25.83%		28.41%	

(1) In 2022, this amount includes the tax effect of the disposal of Rosbank.
(2) In 2021, this amount includes a EUR 130 million decrease in the unrecognised portion of deferred tax assets for the French tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter was lowered to 25% in 2022 (article 219 of the French Tax Code), plus the existing national contribution (CSB) of 3.3%, *i.e.* a compound tax rate of 25.83%.

Long-term capital gains on affiliates are exempt from this corporate tax, except for a 12% fee on the gross amount.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 6.2 Tax assets and liabilities

TAX ASSETS

(In EURm)	31.12.2022	31.12.2021
Current tax assets	819	982
Deferred tax assets	3,877	3,830
o/w deferred tax assets on tax loss carry-forwards	*1,662*	*1,719*
o/w deferred tax assets on temporary differences	*2,215*	*2,111*
TOTAL	**4,696**	**4,812**

TAX LIABILITIES

(In EURm)	31.12.2022	31.12.2021
Current tax liabilities	735	760
Provisions for tax adjustments	72	76
Deferred tax liabilities	831	741
TOTAL	**1,638**	**1,577**

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over three years (from 2023 to 2025), extrapolated to 2026, which corresponds to a “normative” year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the Group’s tax expertise. An extrapolation of the tax results is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

The updated projections show that the Group’s activated tax loss-carry forwards may likely be used against its future taxable income.

NOTE 6.3 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2022, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

(In EURm)	31.12.2022	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	**1,662**	**-**	**-**
o/w French tax group	*1,404*	*Unlimited*[(1)]	*8 years*
o/w US tax group	*193*	*20 years*[(2)]	*7 years*
Others	*65*	*-*	*-*

(1) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

(In EURm)	31.12.2022	31.12.2021
French tax group	520	520
US tax groups	277	291
SG Singapore	82	82
SG de Banques en Guinée Équatoriale[(1)]	36	40
SG Kleinwort Hambros Limited	29	33

(1) Including EUR 10 million of tax carry forward and EUR 26 million temporary differences as at 31 December 2022, versus respectively EUR 9 million and EUR 31 million as at 31 December 2021.

Others deferred tax relating to tax loss carry-forwards and temporary differences not recognised as assets in the balance sheet respectively amounts to EUR 50 million and EUR 2 million as at 31 December 2022.

At the same time, United States of America non-recognised differed tax assets have reduced of EUR 14 million due to the recognition in the balance sheet in 2022 of EUR 33 million differed taxes and to a foreign exchange effect of EUR +19 million.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 9).

PILLAR II: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE

In October 2021, 137 of the 140 jurisdictions members of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate tax rate of 15% on the profit. This set of measures would be applied Country-by-Country to multinational enterprises earnings with revenue exceeding EUR 750 million.

A set of rules referred to as "Pillar II" was published by the OECD on 20 December 2021, followed by the publication of a draft European Directive on 22 December 2021 regarding their implementation within the European Union. Following the unanimous agreement of the Member States, this Directive was formally adopted and published in the Official Journal of the European Union on 22 December 2022. The rules are to be implemented through the tax systems of the 27 Member States before 31 December 2023 for application to the fiscal years opened from 1 January 2024 on.

A project structure has been set up at Group level in order to perform the preliminary analysis of the provisions in this Directive, to conduct a study of the impacts for the Group and take the necessary measures to ensure compliance with it when it comes into force.

NOTE 7 SHAREHOLDERS' EQUITY

MAKING IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

NOTE 7.1 Treasury shares and shareholders' equity issued by the Group

ACCOUNTING PRINCIPLES

Treasury shares

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

Shareholders' equity issued by the Group

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under Non-controlling interests. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

NOTE 7.1.1 ORDINARY SHARES AND CAPITAL RESERVES

(In EURm)	31.12.2022	31.12.2021
Issued capital	1,062	1,067
Issuing premiums and capital reserves	21,377	21,513
Elimination of treasury stock	(1,191)	(667)
TOTAL	**21,248**	**21,913**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	31.12.2022	31.12.2021
Ordinary shares	849,883,778	853,371,494
Including treasury stock with voting rights[(1)]	*48,737,016*	*22,209,068*
Including shares held by employees	*79,097,967*	*67,299,221*

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

As at 31 December 2022, 16,247,062 Societe Generale shares were acquired on the market at a cost price of EUR 468 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 19 May 2021. The capital reduction by cancellation of securities was carried out on 1 February 2022.

On 18 July 2022, a capital increase, reserved for Group employees and retirees as part of the Global Employee Share Ownership Plan open in 43 countries, was carried out for a total amount of EUR 235 million, resulting in the issuance of 12,759,346 new Societe Generale shares.

As at 31 December 2022, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,062,354,722.50 and was made up of 849,883,778 shares with a nominal value of EUR 1.25.

NOTE 7.1.2 TREASURY STOCK

As at 31 December 2022, the Group held 50,082,406 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 5.9% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 1,191 million, including EUR 67 million in shares held for trading activities.

The change in treasury stock over 2022 breaks down as follows:

(In EURm)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	1	(28)	(497)	(524)
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	(11)	(55)	(66)

The variation of EUR -497 million in treasury shares and active capital management is mainly due to:

- EUR +468 million relating to the capital reduction on 1 February 2022 by cancellation of 16,247,062 Societe Generale shares acquired in 2021;
- EUR -914 million relating to the acquisition on the market of 41,674,813 Societe Generale shares, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of shares was carried out on 1 February 2023.

NOTE 7.1.3 SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2022, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 9,136 million, valued at historical rate.

The change in the amount of undated deeply subordinated notes issued by the Group is explained by two issuances made over the year.

Issuance Date	Amount in local currency at 31.12.2021	Repurchases and redemptions in 2022	Amount in local currency at 31.12.2022	Amount in millions of euros at historical rate	Remuneration
18 December 2013	USD 1,750 M		USD 1,750 M	1,273	7.875%, from 18 December 2023, USD 5-year Mid Swap Rate +4.979%
29 September 2015	USD 1,250 M		USD 1,250 M	1,111	8% from 29 September 2025, USD 5-year Mid Swap rate +5.873%
6 April 2018	USD 1,250 M		USD 1,250 M	1,035	6.750% from 6 April 2028, USD 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250 M		USD 1,250 M	1,105	7.375% from 4 October 2023, USD 5-year Mid Swap rate +4.302%
16 April 2019	SGD 750 M		SGD 750 M	490	6.125% from 16 April 2024, SGD 5-year Mid Swap rate +4.207%
12 September 2019	AUD 700 M		AUD 700 M	439	4.875% from 12 September 2024, AUD 5-year Mid Swap rate +4.036%
18 November 2020	USD 1,500 M		USD 1,500 M	1,264	5.375% from 18 November 2030, USD 5-year Mid Swap rate +4.514%
26 May 2021	USD 1,000 M		USD 1,000 M	818	4.75% from 26 May 2026, USD 5-year Mid Swap rate +3.931%
15 July 2022	-		SGD 200 M	141	8,25% from 15 December 2027 SGD 5-year Mid Swap rate +5.6%
22 November 2022	-		USD 1,500 M	1,460	9,3750% from 22 May 2028 USD 5-year Mid Swap rate +5.385%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

The perpetual subordinated notes that are issued by the Group's subsidiaries and include discretionary clauses relating to the payment of interest are classified as equity instruments.

As at 31 December 2022, the amount of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800m	4.125%, from 2026 5-year Mid Swap rate +4.150% annually

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in Shareholder's equity, Group share are detailed below:

	2022			2021		
(In EURm)	Deeply subordinated notes	Perpetual subordinated notes	Total	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under reserves	(581)	-	(581)	(623)	-	(623)
Changes in nominal values	1,602	-	1,602	(1,517)	(244)	(1,761)
Tax savings on remuneration payable to shareholders and recorded under profit or loss	150	-	150	177	9	186
Issuance fees relating to subordinated notes	(9)	-	(9)	(4)	-	(4)

NOTE 7.1.4 EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity (EUR -88 million in Group share and EUR +543 million in Non-controlling interests) mainly relates to the decrease in the ownership interest in ALD from 79.82% to 75.94% (see Note 2.1).

NOTE 7.2 Earnings per share and dividends

ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

NOTE 7.2.1 EARNINGS PER SHARE

(In EURm)	2022	2021
Net income, Group share	2,018	5,641
Attributable remuneration to subordinated and deeply subordinated notes	(587)	(586)
Issuance fees related and deeply subordinated notes	(9)	(4)
Net income attributable to ordinary shareholders	**1,422**	**5,051**
Weighted average number of ordinary shares outstanding[(1)]	822,437,425	846,261,490
Earnings per ordinary share *(in euros)*	**1.73**	**5.97**
Average number of ordinary shares used in the dilution calculation	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	822,437,425	846,261,490
Diluted earnings per ordinary share *(in euros)*	**1.73**	**5.97**

(1) Excluding treasury shares.

NOTE 7.2.2 DIVIDENDS PAID

Dividends paid by the Group in 2022 amounted to EUR 2,125 million and are detailed in the following table:

	2022			2021		
(In EURm)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Paid in shares	-	-	-	-	-	-
Paid in cash	(1,371)	(754)	(2,125)	(468)	(193)	(661)
TOTAL	**(1,371)**	**(754)**	**(2,125)**	**(468)**	**(193)**	**(661)**

NOTE 7.3 Unrealised or deferred gains and losses

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	31.12.2022				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences	690	(12)	678	722	(44)
Revaluation of debt instruments at fair value through other comprehensive income	(597)	112	(485)	(325)	(160)
Revaluation of available-for-sale financial assets	(873)	217	(656)	(636)	(20)
Revaluation of hedging derivatives	(232)	(59)	(291)	(308)	17
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**(1,012)**	**258**	**(754)**	**(547)**	**(207)**
Actuarial gains and losses on defined benefit plans[2]	93	(27)	66	56	10
Revaluation of own credit risk of financial liabilities at fair value through profit or loss[3]	325	(85)	240	242	(2)
Revaluation of equity instruments at fair value through other comprehensive income	34	(2)	32	31	1
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**452**	**(114)**	**338**	**329**	**9**
TOTAL	**(560)**	**144**	**(416)**	**(218)**	**(198)**

	Changes of the period				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	(235)	60	(175)	(170)	(5)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	40	(10)	30	30	-
TOTAL	**(195)**	**50**	**(145)**	**(140)**	**(5)**
Translation differences[1]	1,820	(12)	1,808	1,804	4
Revaluation of debt instruments at fair value through other comprehensive income	(731)	147	(584)	(434)	(150)
Revaluation of available-for-sale financial assets	(1,223)	321	(902)	(885)	(17)
Revaluation of hedging derivatives	(380)	(53)	(433)	(441)	8
Variation of unrealised gains and losses with subsequent recycling in the income statement	**(514)**	**403**	**(111)**	**44**	**(155)**
Actuarial gains and losses on defined benefit plans[2]	92	(26)	66	56	10
Revaluation of own credit risk of financial liabilities at fair value through profit or loss[3]	671	(174)	497	499	(2)
Revaluation of equity instruments at fair value through other comprehensive income	(26)	2	(24)	(25)	1
Variation of unrealised gains and losses without subsequent recycling in the income statement	**737**	**(198)**	**539**	**530**	**9**
TOTAL OF VARIATION	**223**	**205**	**428**	**574**	**(146)**
TOTAL OF CHANGES	**28**	**255**	**283**	**434**	**(151)**

	31.12.2021				
				o/w	
(In EURm)	**Gross value**	**Tax**	**Net value**	**Net Group share**	**Non-controlling interests**
Translation differences	(1,130)	-	(1,130)	(1,082)	(48)
Revaluation of debt instruments at fair value through other comprehensive income	134	(35)	99	109	(10)
Revaluation of available-for-sale financial assets	350	(104)	246	249	(3)
Revaluation of hedging derivatives	148	(6)	142	133	9
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**(498)**	**(145)**	**(643)**	**(591)**	**(52)**
Actuarial gains and losses on defined benefit plans(2)	236	(61)	175	170	5
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(3)	(386)	99	(287)	(287)	-
Revaluation of equity instruments at fair value through other comprehensive income	60	(4)	56	56	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**(90)**	**34**	**(56)**	**(61)**	**5**
TOTAL	**(588)**	**(111)**	**(699)**	**(652)**	**(47)**

(1) *The variation in Group's translation differences of EUR 1,804 million is mainly related to the depreciation of euro against the US dollar (EUR 736 million) and to the variation of the translation on the Russian Rouble due to the sale of Rosbank (EUR 1,022 million).*

(2) *Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.*

(3) *During the derecognition of a financial liability, potential realised gains and losses attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.*

NOTE 8 ADDITIONAL DISCLOSURES

NOTE 8.1 Segment reporting

NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
  - International Retail Banking, including consumer finance activities,
  - Financial Services to Corporates (operational vehicle leasing and fleet management, equipment and vendor finance),
  - Insurance activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory,
  - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2022										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	French Retail Banking*	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services	Financing and Advisory	Asset management*	Total	Corporate Centre[1]	Total group Societe Generale
Net banking income	8,839	5,153	2,957	1,012	9,122	6,708	3,374	-	10,082	16	28,059
Operating expenses[2]	(6,473)	(2,794)	(1,149)	(391)	(4,334)	(4,705)	(1,929)	-	(6,634)	(1,189)	(18,630)
Gross operating income	**2,366**	**2,359**	**1,808**	**621**	**4,788**	**2,003**	**1,445**	**-**	**3,448**	**(1,173)**	**9,429**
Cost of risk	(483)	(637)	(68)	-	(705)	5	(426)	-	(421)	(38)	(1,647)
Operating income	**1,883**	**1,722**	**1,740**	**621**	**4,083**	**2,008**	**1,019**	**-**	**3,027**	**(1,211)**	**7,782**
Net income from investments accounted for using the equity method	8	1	-	-	1	6	3	-	6		15
Net income/expense from other assets[4]	57	11	-	-	11	3	-	-	6	(3,364)	(3,290)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Eearnings before Tax	**1,948**	**1,734**	**1,740**	**621**	**4,095**	**2,017**	**1,022**	**-**	**3,039**	**(4,575)**	**4,507**
Income tax	(504)	(441)	(394)	(161)	(996)	(458)	(118)	-	(576)	516	(1,560)
Consolidated Net Income	**1,444**	**1,293**	**1,346**	**460**	**3,099**	**1,559**	**904**	**-**	**2,463**	**(4,059)**	**2,947**
Non controlling interests	(1)	453	267	3	723	35	1	-	36	171	929
Net income, Group Share	**1,445**	**840**	**1,079**	**457**	**2,376**	**1,524**	**903**	**-**	**2,427**	**(4,230)**	**2,018**
Segment assets	**300,473**	**124,734**	**45,735**	**162,483**	**332,952**	**591,685**	**172,360**	**-**	**764,045**	**89,348**	**1,486,818**
Segment liabilities[3]	**308,602**	**89,678**	**15,532**	**149,005**	**254,215**	**637,903**	**72,044**	**-**	**709,947**	**141,272**	**1,414,036**

	2021										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EURm)	French Retail Banking*	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services*	Financing and Advisory*	Asset management*	Total*	Corporate Centre(1)	Total group Societe Generale
Net banking income	8,489	5,000	2,154	963	8,117	5,650	2,929	239	8,818	374	25,798
Operating expenses(2)	(6,248)	(2,914)	(916)	(373)	(4,203)	(4,301)	(1,765)	(184)	(6,250)	(889)	(17,590)
Gross operating income	**2,241**	**2,086**	**1,238**	**590**	**3,914**	**1,349**	**1,164**	**55**	**2,568**	**(515)**	**8,208**
Cost of risk	(125)	(429)	(75)	-	(504)	(2)	(63)	-	(65)	(6)	(700)
Operating income	**2,116**	**1,657**	**1,163**	**590**	**3,410**	**1,347**	**1,101**	**55**	**2,503**	**(521)**	**7,508**
Net income from investments accounted for using the equity method	1	-	-	-	-	4	-	-	4	1	6
Net income/expense from other assets(4)	23	18	1	(1)	18	(8)	(1)	-	(9)	603	635
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(114)	(114)
Eearnings before Tax	**2,140**	**1,675**	**1,164**	**589**	**3,428**	**1,343**	**1,100**	**55**	**2,498**	**(31)**	**8,035**
Income tax	(592)	(405)	(270)	(165)	(840)	(284)	(155)	(13)	(452)	187	(1,697)
Consolidated Net Income	**1,548**	**1,270**	**894**	**424**	**2,588**	**1,059**	**945**	**42**	**2,046**	**156**	**6,338**
Non controlling interests	(2)	334	169	3	506	27	1	-	28	165	697
Net income, Group Share	**1,550**	**936**	**725**	**421**	**2,082**	**1,032**	**944**	**42**	**2,018**	**(9)**	**5,641**
Segment assets	**299,249**	**135,993**	**41,362**	**181,148**	**358,503**	**505,796**	**149,202**	**315**	**655,313**	**151,384**	**1,464,449**
Segment liabilities(3)	**304,877**	**101,650**	**13,834**	**166,055**	**281,539**	**636,754**	**57,221**	**31**	**694,006**	**113,164**	**1,393,586**

* *Following the steering changes at the end of 2021 resulting from the sale of Lyxor, Private Banking is part of the pillar French Retail Banking since 1 January 2022. The 2021 data have been restated mainly to reflect this transfer.*

(1) *Income and expenses, as well as assets and liabilities that are not directly related to business line activities are allocated to the Corporate Centre. Corporate Centre income includes, in particular, some consequences of the Group's centralised management of litigation and of transactions leading to changes in the consolidation scope.*

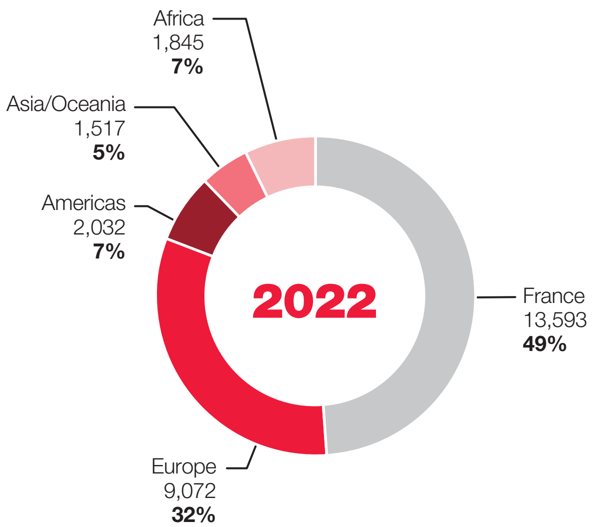
(2) *These amounts include Personnel expenses, Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

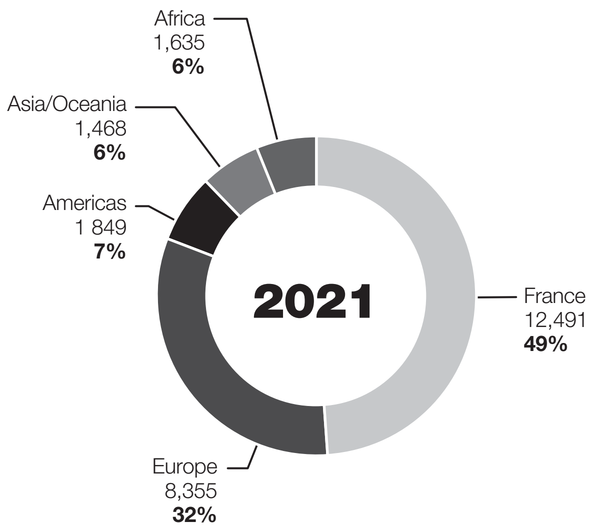
(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

(4) *The Net income/expense from other assets items as at 31 December 2022, mainly includes the impacts of the sale of Rosbank and the Group's insurance subsidiaries in Russia (see Note 2.1).*

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)

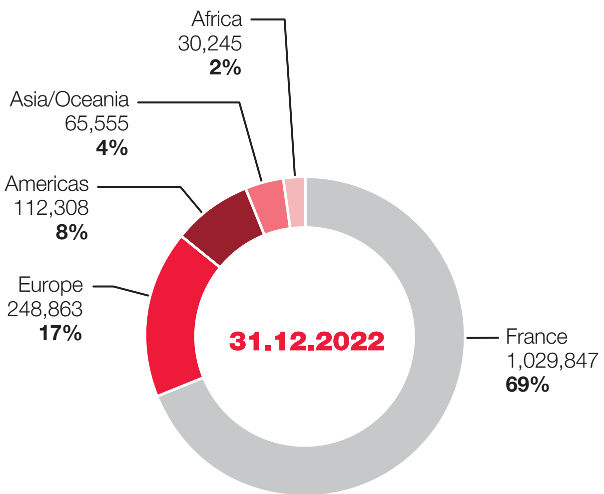


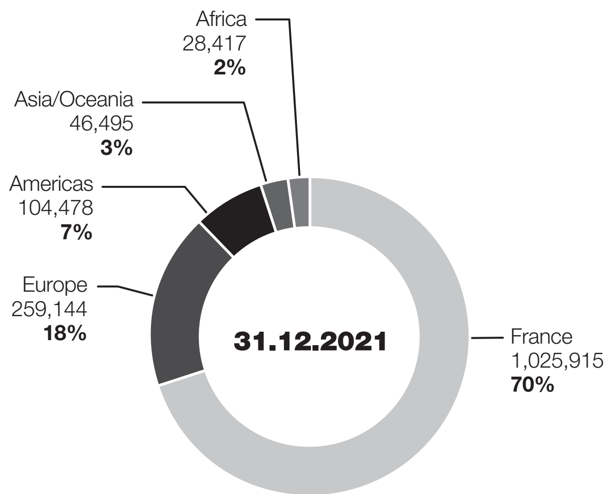


As at 31 December 2022, the amount of net banking income is EUR 28,059 million compared to EUR 25,798 million as at 31 December 2021.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

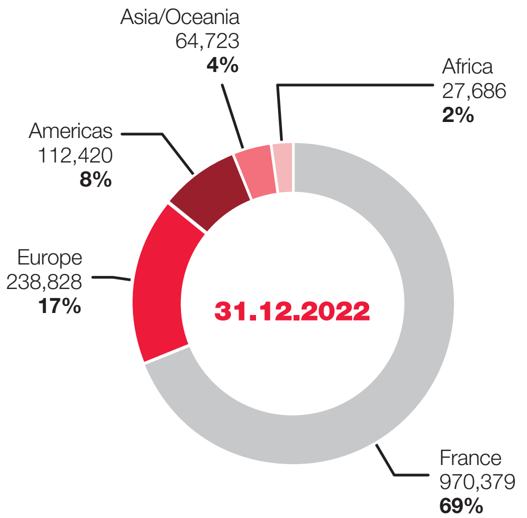
ASSETS

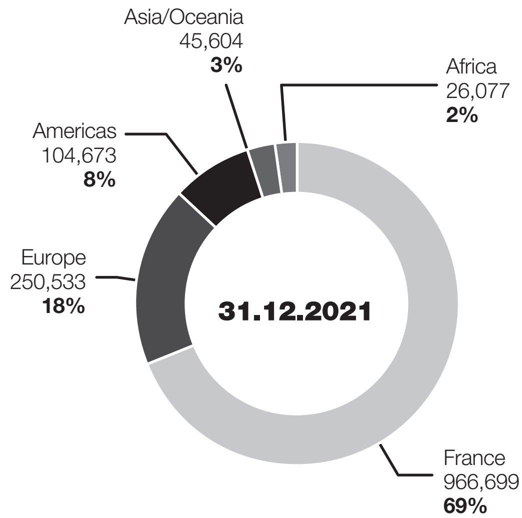




As at 31 December 2022, the amount of assets is EUR 1,486,818 million compared to EUR 1,464,449 million as at 31 December 2021.

LIABILITIES





As at 31 December 2022, the amount of liabilities (except shareholder equity) is EUR 1,414,036 million compared to EUR 1,393,586 million as at 31 December 2021.

Segment liabilities correspond to debts (*i.e.* total liabilities excluding equity).

NOTE 8.2 Other operating expenses

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.4).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The Company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss as at 1 January of the current financial year.

Other mainly includes building maintenance and other costs, travel and business expenses, and advertising expenses.

(In EURm)	2022	2021
Rentals	(348)	(323)
Taxes and levies	(1,359)	(993)
Data & telecom (excluding rentals)	(2,574)	(2,371)
Consulting fees	(1,351)	(1,157)
Other	(1,377)	(1,337)
TOTAL	**(7,009)**	**(6,181)**

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (*Bank Recovery and Resolution Directive*).

The European Regulation UE n°806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

In 2022, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 863 million (versus EUR 586 million in 2021) of which EUR 811 million for the SRF and EUR 52 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for EUR 142 million related to the SRF (versus EUR 96 million in 2021) recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 Provisions

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, Provisions are comprised of provisions for financial instruments, disputes and employee benefits.

OVERVIEW

(In EURm)	Provisions as at 31.12.2021	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and others	Provisions as at 31.12.2022
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	888	683	(660)	23	-	(13)	898
Provisions for employee benefits (see Note 5)	2,301	528	(164)	364	(187)	(476)	2,002
Provisions for mortgage savings plans and accounts commitments	316	32	(223)	(191)	-	-	125
Other provisions*	1,345	616	(347)	269	(43)	(17)	1,554
TOTAL	**4,850**	**1,859**	**(1,394)**	**465**	**(230)**	**(506)**	**4,579**

**including provisions for legal disputes, fines, penalties and commercial disputes.*

NOTE 8.3.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under Net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In EURm)	31.12.2022	31.12.2021
PEL accounts	17,846	18,789
Less than 4 years old	*773*	*714*
Between 4 and 10 years old	*8,774*	*10,411*
More than 10 years old	*8,299*	*7,664*
CEL accounts	1,629	1,513
TOTAL	**19,475**	**20,302**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2022	31.12.2021
Less than 4 years old	-	0
Between 4 and 10 years old	1	3
More than 10 years old	6	7
TOTAL	**7**	**10**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2021	Allocations	Write-backs	31.12.2022
PEL accounts	302	1	(223)	80
Less than 4 years old	*2*	*1*	*-*	*3*
Between 4 and 10 years old	*36*	*-*	*(34)*	*2*
More than 10 years old	*264*	*-*	*(189)*	*75*
CEL accounts	14	31	-	45
TOTAL	**316**	**32**	**(223)**	**125**

The increase in interest rates (to which the level of provisioning is sensitive) explains the sharp decrease in the provisions for mortgage savings accounts and plans observed in 2022. These provisions are still mainly related to the commitment to remunerate cash deposits. The level of provisions amounts to 0.7% of the total outstanding stock as at 31 December 2022.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking Division’s policy of interest rate risk management.

The discount rates used are derived from the zero-coupon swaps versus Euribor yield curve at the valuation date, averaged over a 12-month period.

NOTE 8.3.2 OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group’s current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 “Information on risks and litigation”.

NOTE 8.4 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Profits or losses on investment property, including amortisation and depreciation, are recognised under Income from other activities and Expense from other activities (see Note 4.2).

Assets under operating leases

The cars under operating leases related to fleet management by the Group are amortised on a straight-line basis over the lease term, which averages between 3 and 5 years. The depreciable value of these cars corresponds to their purchase cost less their residual value.

The purchase cost of the rental cars includes the purchase price of the cars, as well as the direct upfront costs necessary to make them available to lessees. Their residual value is an estimate of their resale value at the end of the contract. This estimate is based on statistical data and is reviewed at least once a year to take account of price fluctuations on the market for second-hand vehicles. In the event of a decrease or increase in the residual value from its initial estimate, that change in estimate shall result, on a vehicle-by-vehicle basis, in an adjustment to its remaining depreciable value in order to modify its depreciation plan prospectively.

Profit or losses on operating lease assets, including depreciation and impairment, are recognised under Income from other activities and Expenses from other activity (see Note 4.2).

Rights-of-use for assets leased by the Group

LEASE

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset;
- a capacity portion of an asset is still an identified asset if it is physically distinct (*e.g.* a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (*e.g.* the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

LEASE TERM

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.

Lease term = Non-cancellable period of the lease + Periods covered by an option to extend the lease* + Periods covered by an option to terminate the lease**

* *If the lessee is reasonably certain to exercise that option.*
** *If the lessee is reasonably certain not to exercise that option.*

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination);
- substantial changes made to the leased premises (specific layouts, such as a bank vault);
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.);
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location);
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, most property leases on premises occupied by branches are nine year leases with an early-termination option at the end of three and six year term (leases referred to as "3/6/9"); at the end of the nine year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a five year term. This five year term may be modified depending on the quality of the location, the completion of major investments, or the planned closure of a group of designated branches.

Changing the lease term

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under Net banking income and a depreciation of the right-of-use under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying the exemption threshold of USD 5,000 as indicated in the standard’s Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (*e.g.* consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

Recognition of the lease liability

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of the right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs (*e.g.* issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset’s value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee’s balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The Group uses the lessees’ incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity’s credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2021	Increases/ allowances	Disposals/ reversals	Other movements	31.12.2022
Intangible Assets					
Gross value	8,410	974	(146)	(258)	8,980
Amortisation and impairments	(5,677)	(637)	110	106	(6,098)
Tangible Assets (w/o assets under operating leases)					
Gross value	11,463	509	(519)	(422)	11,031
Depreciation and impairments	(6,859)	(544)	439	222	(6,742)
Assets under operating leases					
Gross value	31,080	12,075	(9,524)	(698)	32,933
Depreciation and impairments	(8,514)	(3,749)	3,070	331	(8,862)
Investment Property					
Gross value	32	9	(13)	2	30
Depreciation and impairments	(20)	(1)	2	-	(19)
Rights-of-use					
Gross value	3,181	402	(249)	(113)	3,221
Amortisation and impairments	(1,128)	(447)	119	71	(1,385)
TOTAL	**31,968**	**8,591**	**(6,711)**	**(759)**	**33,089**

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(In EURm)	31.12.2022	31.12.2021
Payments due in less than five years	25,016	22,371
Payments due in less than one year	*8,081*	*8,319*
Payments due from one to two years	*6,628*	*5,905*
Payments due from two to three years	*5,788*	*5,090*
Payments due from three to four years	*3,639*	*2,437*
Payments due from four to five years	*880*	*620*
Payments due in more than five years	43	168
TOTAL	**25,059**	**22,539**

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

Property Leases

Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:

- the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are 9-year commercial leases with early termination options at three and six years (so-called "3/6/9" leases). If a new contract is not signed by the end of that 9-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centres: London, New York, Hong Kong…

Outside France, residual lease periods are generally below 10 years. In some countries, such as Russia, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

	31.12.2022			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(440)	(47)	(8)	(495)
Interest expenses on lease liabilities	*(37)*	*(0)*	*(0)*	*(37)*
Depreciation charge for right-of-use assets	*(361)*	*(42)*	*(4)*	*(407)*
Expense relating to short-term leases	*(29)*	*(1)*	*(3)*	*(33)*
Expense relating to leases of low-value assets	*(1)*	*(4)*	*(1)*	*(6)*
Expense relating to variable lease payments	*(12)*	*(0)*	*(0)*	*(12)*
Sublease income	11	-	-	11

	31.12.2021			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(470)	(45)	(8)	(523)
Interest expenses on lease liabilities	*(39)*	-	-	*(39)*
Depreciation charge for right-of-use assets	*(385)*	*(41)*	*(3)*	*(429)*
Expense relating to short-term leases	*(36)*	-	*(3)*	*(39)*
Expense relating to leases of low-value assets	*(2)*	*(4)*	*(2)*	*(8)*
Expense relating to variable lease payments	*(8)*	-	-	*(8)*
Sublease income	14	-	-	14

NOTE 8.5 Companies included in the consolidation scope

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	75.94	79.81	99.99	99.99
		SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GMBH	Specialist Financing	FULL	75.94	79.82	100	100
		ALD INTERNATIONAL GMBH	Specialist Financing	FULL	75.94	79.82	100	100
		ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	75.94	79.82	100	100
		ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.94	99.94	90	51
		BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
		CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	75.94	79.82	100	100
		CARPOOL GMBH	Broker	FULL	75.94	79.82	100	100
	(6)	FLEETPOOL GMBH	Specialist Financing	FULL	75.94	0	100	0
		GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	EFS	100	100	100	100
		HANSEATIC BANK GMBH & CO KG	Specialist Financing	FULL	75	75	75	75
		HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
		HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
		INTERLEASING DELLO HAMBURG G.M.B.H.	Specialist Financing	FULL	75.94	79.82	100	100
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
	(2)	RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	0	100	0	100
		RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 7	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 8	Financial Company	FULL	100	100	100	100
	(6)	RED & BLACK AUTO GERMANY 9 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	0	100	0
		SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Germany		SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Australia								
		SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Broker	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100	100
Austria								
		ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GMBH	Specialist Financing	FULL	75.94	79.82	100	100
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus								
		ALD AUTOMOTIVE LLC	Specialist Financing	FULL	75.94	79.82	100	100
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	75.94	79.82	100	100
		AXUS S.A./NV	Specialist Financing	FULL	75.94	79.82	100	100
		BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	FULL	60.74	60.74	100	100
		PARCOURS BELGIUM	Specialist Financing	FULL	75.94	79.82	100	100
	(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
	(1)	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
Benin								
		SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1	94.1
Bermuda								
		CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil								
		ALD AUTOMOTIVE S.A.	Specialist Financing	FULL	75.94	79.82	100	100
		ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	75.94	79.82	100	100
		BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE S/A – ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100	100	100	100
Bulgaria								
		ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	75.94	79.82	100	100
Burkina Faso								
		SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Cayman Islands								
		AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100	100
Cameroon								
		SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada								
		13406300 CANADA INC. (EX-SOCIETE GENERALE CANADA)	Bank	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile								
		ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	75.94	79.82	100	100
China								
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100	100	100	100
Colombia								
		ALD AUTOMOTIVE S.A.S	Specialist Financing	FULL	75.94	79.82	100	100
Congo								
		SOCIETE GENERALE CONGO	Bank	FULL	93.47	93.47	93.47	93.47
South Korea								
		SG SECURITIES KOREA CO. LTD.	Broker	FULL	100	100	100	100
	(1)	SG SEOUL	Bank	FULL	100	100	100	100
Ivory Coast								
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98	99.98
		SOCIETE GENERALE CÔTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia								
		ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	75.94	79.82	100	100
		ALD FLEET SERVICES D.O.O ZA. TRGOVINU I USLUGE	Specialist Financing	FULL	75.94	79.82	100	100
Curacao								
	(2)	SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	0	100	0	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	75.94	79.82	100	100
		NF FLEET A/S	Specialist Financing	FULL	60.75	63.85	80	80
United Arab Emirates								
	(1)	SOCIETE GENERALE, DIFC BRANCH (EX-SOCIETE GENERALE DUBAI)	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Spain								
		ALD AUTOMOTIVE S.A.U.	Specialist Financing	FULL	75.94	79.82	100	100
		ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	Broker	EJV	50	50	50	50
	(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.U (EX-SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.)	Specialist Financing	FULL	100	100	100	100
		SOCGEN FINANCIACIONES IBERIA, S.L.	Bank	FULL	100	100	100	100
		SOCGEN INVERSIONES FINANCIERAS S.L. (EX-SOCGEN INVERSIONES FINANCIERAS S.A.)	Financial Company	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100
		SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	SOLUCIONES DE RENTING Y MOVILIDAD, S.L. (SOCIEDAD UNIPERSONAL)	Specialist Financing	FULL	75.94	0	100	0
Estonia								
		ALD AUTOMOTIVE EESTI A.S.	Specialist Financing	FULL	56.96	59.87	75.01	75.01
United States of America								
		AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
		SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
		SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
		SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
		SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
		SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
		SG CONSTELLATION, INC.	Financial Company	FULL	100	100	100	100
		SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
		SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
		SG MORTGAGE SECURITIES, LLC	Portfolio Management	FULL	100	100	100	100
		SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100	100	100	100
	(5)	SGAIH, INC.	Financial Company	FULL	0	100	0	100
	(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Finland								
		AXUS FINLAND OY	Specialist Financing	FULL	75.94	79.82	100	100
		NF FLEET OY	Specialist Financing	FULL	60.75	63.85	80	80
France								
		29 HAUSSMANN EQUILIBRE	Portfolio Management	FULL	87.1	87.1	87.1	87.1
		29 HAUSSMANN EURO RDT	Portfolio Management	FULL	58.1	58.1	58.1	58.1
		29 HAUSSMANN SELECTION EUROPE – K	Financial Company	FULL	45.23	45.23	45.23	45.23
		29 HAUSSMANN SELECTION MONDE	Portfolio Management	FULL	68.7	68.7	68.7	68.7
		908 REPUBLIQUE	Real Estate and Real Estate Financing	ESI	40	32	40	40
		AIR BAIL	Specialist Financing	FULL	100	100	100	100
		AIX – BORD DU LAC – 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		AIX – BORD DU LAC – 4	Real Estate and Real Estate Financing	EJV	50	50	50	50
		ALD	Specialist Financing	FULL	75.94	79.82	75.94	79.82
		ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		AMUNDI CREDIT EURO – P	Financial Company	FULL	57.43	57.43	57.43	57.43
		ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	FULL	80	80	80	80
		ANTALIS S.A.	Financial Company	FULL	100	100	100	100
		ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
		ANTARIUS	Insurance	FULL	100	100	100	100
		ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(3)	AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	0	69.35	0	69.35
		BANQUE COURTOIS	Bank	FULL	100	100	100	100
		BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	FULL	50	50	50	50
		BANQUE KOLB	Bank	FULL	100	99.97	100	99.97
		BANQUE LAYDERNIER	Bank	FULL	100	100	100	100
		BANQUE NUGER	Bank	FULL	100	100	100	100
		BANQUE POUYANNE	Bank	ESI	35	35	35	35
		BANQUE RHONE-ALPES	Bank	FULL	99.99	99.99	99.99	99.99

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		BANQUE TARNEAUD	Bank	FULL	100	100	100	100
		BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		BERLIOZ	Insurance	FULL	84.05	84.05	84.05	84.05
	(3)	BOURSORAMA INVESTISSEMENT	Services	FULL	0	100	0	100
	(6)	BOURSORAMA MASTER HOME LOANS FRANCE	Specialist Financing	FULL	100	0	100	0
		BOURSORAMA S.A.	Broker	FULL	100	100	100	100
		BREMANY LEASE S.A.S.	Specialist Financing	FULL	75.94	79.82	100	100
		CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
		CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
		CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100	100
		COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
		COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
		COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
		CONTE	Group Real Estate Management Company	EJV	50	50	50	50
		CRÉDIT DU NORD	Bank	FULL	100	100	100	100
		DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94	89.94
		DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78	79.78
		DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34	78.34
		DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
		ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	FULL	40.85	40.85	40.85	40.85
		ESNI – COMPARTIMENT SG-CRÉDIT CLAIMS – 1	Financial Company	FULL	100	100	100	100
		ETOILE CAPITAL	Financial Company	FULL	99.99	100	99.99	100
		ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
		ETOILE MULTI GESTION USA – PART P	Insurance	FULL	35.18	35.18	35.18	35.18
		F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	100	80	100	100
		FCC ALBATROS	Portfolio Management	FULL	100	100	51	51
	(6)	FCT LA ROCHE	Specialist Financing	FULL	100	0	100	0
		FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
		FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France	(3)	FEEDER LYXOR CAC40 D6	Insurance	FULL	0	100	0	100
	(2)	FEEDER LYXOR EURO STOXX 50 – D9	Financial Company	FULL	0	99.98	0	99.98
		FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
		FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
		FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
		FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
		GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEBANQUE	Bank	FULL	100	100	100	100
		GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100
		GENECAR – SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
		GENECOMI FRANCE	Specialist Financing	FULL	100	99.64	100	99.64
		GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEFINANCE	Portfolio Management	FULL	100	100	100	100
		GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
		GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
		GENEPIERRE	Real Estate and Real Estate Financing	FULL	56.56	56.68	56.56	56.68
		GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
	(6)	HAGA NYGATA	Specialist Financing	FULL	100	0	100	0
	(6)	HIPPOLYTE	Specialist Financing	FULL	100	0	100	0
		HYUNDAI CAPITAL FRANCE (EX SEFIA)	Specialist Financing	ESI	49.95	99.89	50	100
		ILOT AB	Real Estate and Real Estate Financing	FULL	80	80	80	80
		IMMOBILIERE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
		INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
		JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
		LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	40	24	40	40

Country		Activity	Method*	Group ownership interest		Group voting interest	
				As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	100	99.99	100	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	100	100	100
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
	L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	LYX ACT EURO CLIMAT-D3EUR	Insurance	FULL	100	100	100	100
	LYX ACT EURO CLIMAT-DEUR	Insurance	FULL	100	100	100	100
	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	FULL	100	100	100	100
	LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
	LYXOR SKYFALL FUND	Insurance	FULL	88.98	88.98	88.98	88.98
	MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ONYX	Group Real Estate Management Company	EJV	50	50	50	50
	OPCI SOGECAPIMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France	(5)	PACTIMO	Real Estate and Real Estate Financing	FULL	0	100	0	100
		PARCOURS	Specialist Financing	FULL	75.94	79.82	100	100
		PARCOURS ANNECY	Specialist Financing	FULL	75.94	79.82	100	100
		PARCOURS BORDEAUX	Specialist Financing	FULL	75.94	79.82	100	100
		PARCOURS NANTES	Specialist Financing	FULL	75.94	79.82	100	100
		PARCOURS STRASBOURG	Specialist Financing	FULL	75.94	79.82	100	100
		PARCOURS TOURS	Specialist Financing	FULL	75.94	79.82	100	100
		PAREL	Services	FULL	100	100	100	100
		PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
		PIERRE PATRIMOINE	Financial Company	FULL	100	100	100	100
		PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	PRIMONIAL DOUBLE IMMO	Real Estate and Real Estate Financing	FULL	100	0	100	0
		PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
		PROGEREAL (EX-PROGEREAL S.A.)	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
		PROJECTIM	Real Estate and Real Estate Financing	FULL	100	60	100	60
		RED & BLACK AUTO LEASE FRANCE 1	Financial Company	FULL	75.94	79.82	100	100
		RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
	(2)	RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	0	100	0	100
	(6)	RED & BLACK HOME LOANS FRANCE 2	Financial Company	FULL	100	0	100	0
		RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
		SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SARL BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
		SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS AMIENS – AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	100	80	100	100
		SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SAS BONDUES – CŒUR DE BOURG	Real Estate and Real Estate Financing	ESI	25	20	25	25
		SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	90	90	90	90
		SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
	(2)	SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	0	40	0	40
		SAS NOAHO AMENAGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS NOYALIS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	80	100	100
	(6)	SAS RESIDENCE AUSTRALIS	Real Estate and Real Estate Financing	FULL	77	0	77	0
		SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	41	41	41
		SAS SCENES DE VIE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAS SOAX PROMOTION	Real Estate and Real Estate Financing	FULL	58.5	58.5	58.5	58.5
		SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	FULL	100	50	100	50
		SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
	(5)	SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	100	80	100	100
		SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SAS TOUR D2	Real Estate and Real Estate Financing	JO	50	50	50	50
		SAS VILLENEUVE D'ASCQ – RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	51	51	51
	(2)	SCCV BAHIA	Real Estate and Real Estate Financing	FULL	0	51	0	51
		SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	100	67	100	67
		SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	75	100	75	100
		SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCCV COLOMBES	Real Estate and Real Estate Financing	ESI	28.66	0	49	0
		SCCV COMPIEGNE – RUE DE L'EPARGNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV CUGNAUX – LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT	Real Estate and Real Estate Financing	EJV	50	40	50	50
	(6)	SCCV EIFFEL FLOQUET	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV EPRON – ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85	85
		SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
		SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	70	70	70

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV LA BAULE – LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV LA MADELEINE – PRE CATELAN	Real Estate and Real Estate Financing	FULL	51	40.8	51	51
		SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
		SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25	25
	(6)	SCCV LE CENTRAL C1.4	Real Estate and Real Estate Financing	ESI	33.4	0	33.4	0
	(6)	SCCV LES BASTIDES FLEURIES	Real Estate and Real Estate Financing	FULL	64.29	0	64.29	0
		SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
		SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV L'IDEAL – MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV LILLE – JEAN MACE	Real Estate and Real Estate Financing	ESI	33.4	26.72	33.4	33.4
		SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	(6)	SCCV MARCQ EN BAROEUL GABRIEL PERI	Real Estate and Real Estate Financing	ESI	20	0	20	0
		SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV MEHUL	Real Estate and Real Estate Financing	FULL	70	70	70	70

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
France		SCCV MONROC – LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV MONS EQUATION	Real Estate and Real Estate Financing	ESI	50	40	50	50
	(2)	SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	0	80	0	80
		SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	0	35	0	35
		SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV ROUSSET – LOT 03	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV SOPRAB IDF (EX SCCV ROMAINVILLE DUMAS)	Real Estate and Real Estate Financing	FULL	70	70	70	70

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	95	95	95	95
	(2)	SCCV TASSIN -190 CDG	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(6)	SCCV TOULOUSE LES IZARDS	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV VERNAISON – RAZAT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV VERNONNET-FIESCHI	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV VILLA VALERIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	50	40	50	50
	(6)	SCCV VILLENEUVE VILLAGE BONGARDE	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	50	40	50	50
		SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
		SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
		SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
	(2)	SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	0	20	0	20
		SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(2)	SCI LES BAIGNOTS	Real Estate and Real Estate Financing	ESI	0	40	0	40
		SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(2)	SCI LIEUSAINT RUE DE PARIS	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCI LINAS CŒUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	71	70	71	70
		SCI LOCMINE – LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCI MONTPELLIER JACQUES CŒUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCI PRIMO E+	Real Estate and Real Estate Financing	FULL	100	0	100	0
	(6)	SCI PRIMO N+	Real Estate and Real Estate Financing	FULL	100	0	100	0
	(6)	SCI PRIMO N+2	Real Estate and Real Estate Financing	FULL	100	0	100	0
	(6)	SCI PRIMO N+3	Real Estate and Real Estate Financing	FULL	100	0	100	0
		SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	100	80	100	100
		SCI PROJECTIM MARCQ CŒUR DE VILLE	Real Estate and Real Estate Financing	FULL	60	48	60	60
		SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI SAINT-OUEN L'AUMONE – L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38	38
		SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66
		SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	100	80	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCI VITAL BOUHOT 16-22 NEUILLY-SUR-SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SERVIPAR	Specialist Financing	FULL	75.94	79.82	100	100
		SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
		SG ACTIONS EURO	Insurance	FULL	47.75	47.75	47.75	47.75
		SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
		SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14	38.14
		SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25	84.25
		SG ACTIONS MONDE	Insurance	FULL	67.59	67.59	67.59	67.59
		SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05	60.05
		SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06	65.06
	(3)	SG ACTIONS US TECHNO	Insurance	FULL	0	85.08	0	85.08
	(6)	SG AMUNDI MONETAIRE ISR	Portfolio Management	FULL	100	0	100	0
	(6)	SG BLACKROCK ACTIONS US ISR	Portfolio Management	FULL	100	0	100	0
	(6)	SG BLACKROCK FLEXIBLE ISR	Portfolio Management	FULL	100	0	100	0
		SG CAPITAL DEVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
		SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
		SG FLEXIBLE	Portfolio Management	FULL	92.48	92.48	92.48	92.48
		SG OBLIG ETAT EURO-R	Insurance	FULL	79.94	79.94	79.94	79.94
		SG OBLIGATIONS	Insurance	FULL	82.92	82.92	82.92	82.92
		SG OPCIMMO	Real Estate and Real Estate Financing	FULL	97.95	97.95	97.95	97.95
		SG OPTION EUROPE	Broker	FULL	100	100	100	100
		SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
	(6)	SGA 48-56 DESMOULINS	Real Estate and Real Estate Financing	FULL	99	0	99	0
		SGA AXA IM US CORE HY LOW CARBON	Insurance	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SGA AXA IM US SD HY LOW CARBON	Insurance	FULL	100	100	100	100
		SGA INFRASTRUCTURES	Insurance	FULL	100	100	100	100
		SGB FINANCE S.A.	Specialist Financing	FULL	50.94	50.94	51	51
		SGEF S.A.	Specialist Financing	FULL	100	100	100	100
		SGI 10-16 VILLE L'EVEQUE	Insurance	FULL	100	100	100	100
		SGI 1-5 ASTORG	Insurance	FULL	100	100	100	100
		SGI HOLDING SIS	Group Real Estate Management Company	FULL	100	100	100	100
		SGI PACIFIC	Insurance	FULL	89.24	86.17	89.53	89.53
		SHINE	Financial Company	FULL	90.9	80.6	90.9	80.6
		SNC CŒUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(2)	SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
		SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	100	99.99	100	100
		SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
France		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
	(2)	SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	0	100	0	100
	(2)	SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100	100
		SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	100	99.91	100	99.91
		SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	100	99.98	100	100
		SOCIETE DU PARC D'ACTIVITE DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(5)	SOCIETE FINANCIERE D'ANALYSE ET DE GESTION	Financial Company	FULL	0	100	0	100
		SOCIETE GENERALE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
	(5)	SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	0	100	0	100
		SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL"	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE GENERALE SCF	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE SFH	Specialist Financing	FULL	100	100	100	100
	(6)	SOCIETE GENERALE VENTURES	Portfolio Management	FULL	100	0	100	0
		SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100
		SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	35.1	35.1	35.1	35.1
		SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	100	99.99	100	100
		SOGE PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
		SOGE PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
		SOGEACT.SELEC.MON	Portfolio Management	FULL	99.78	99.78	99.78	99.78
	(6)	SOGEAX	Real Estate and Real Estate Financing	FULL	60	0	60	0
		SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
		SOGÉCAP	Insurance	FULL	100	100	100	100
		SOGÉCAP – DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		SOGÉCAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
		SOGÉCAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
		SOGÉCAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
		SOGECAPIMMO 2	Insurance	FULL	90.71	89.39	90.84	90.84
		SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
		SOGEFIMUR	Specialist Financing	FULL	100	100	100	100
		SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
		SOGEFINERG FRANCE	Specialist Financing	FULL	100	100	100	100
		SOGEFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELEASE FRANCE	Specialist Financing	FULL	100	100	100	100
		SOGEMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
		SOGEPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
		SOGEPIERRE	Financial Company	FULL	100	100	100	100
		SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5)	SOGEPROM ALPES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM CENTRE-VAL-DE-LOIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
France		SOGEPROM COTE D'AZUR	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5)	SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5)	SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGESSUR	Insurance	FULL	100	100	100	100
		SOGEVIMMO	Group Real Estate Management Company	FULL	98.75	85.55	98.75	85.55
		ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	50	50	50
		STAR LEASE	Specialist Financing	FULL	100	100	100	100
		TEMSYS	Specialist Financing	FULL	75.94	79.82	100	100
	(6)	TRANSACTIS	Services	EJV	50	0	50	0
		TREEZOR S.A.S.	Financial Company	FULL	95.12	100	95.12	100
		URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	VALMINCO	Portfolio Management	FULL	100	0	100	0
		VALMINVEST	Group Real Estate Management Company	FULL	100	100	100	100
		VG PROMOTION	Real Estate and Real Estate Financing	ESI	35	35	35	35
		VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	EJV	50	50	50	50
		VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana								
		SOCIETE GENERAL GHANA PLC (EX-SOCIETE GENERALE GHANA LIMITED)	Bank	FULL	60.22	60.22	60.22	60.22

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
Gibraltar								
		HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
	(1) (6)	SG KLEINWORT HAMBROS BANK LIMITED GIBRALTAR BRANCH	Bank	FULL	100	0	100	0
Greece								
		ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	75.94	79.82	100	100
Guinea								
		SOCIETE GENERALE GUINEE	Bank	FULL	57.93	57.94	57.93	57.94
Equatorial Guinea								
		SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong								
		SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
		SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	(1)	SG HONG KONG	Bank	FULL	100	100	100	100
		SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
		SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	(1)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary								
		ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	75.94	79.82	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Jersey Island								
		ELMFORD LIMITED	Services	FULL	100	100	100	100
		HANOM I LIMITED	Financial Company	FULL	100	100	100	100
		HANOM II LIMITED	Financial Company	FULL	100	100	100	100
		HANOM III LIMITED	Financial Company	FULL	100	100	100	100
		J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
		KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100	100
		SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100	100
		SG HAUSSMANN FUND (EX-LYXOR MASTER FUND)	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
	(1) (6)	SG KLEINWORT HAMBROS BANK LIMITED JERSEY BRANCH	Bank	FULL	100	0	100	0
		SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
		SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
Isle of Man								
		KBBIOM LIMITED	Bank	FULL	100	50	100	50
		KBTIOM LIMITED	Bank	FULL	100	100	100	100
Guernsey Island								
		CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
		HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
		HTG LIMITED	Services	FULL	100	100	100	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	(1)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH	Bank	FULL	100	100	100	100
	(1) (6)	SG KLEINWORT HAMBROS BANK LIMITED GUERNSEY BRANCH	Bank	FULL	100	0	100	0
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	75.94	79.82	100	100
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Ireland								
		ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	75.94	79.82	100	100
		IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	100	100	100
		IRIS SPV PLC SERIES SOGECAP	Financial Company	FULL	100	100	100	100
		MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	75.94	79.82	100	100
		NB SOG EMER EUR – I	Financial Company	FULL	100	100	100	100
	(1)	SG DUBLIN	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	100	100	100	100
		SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
	(2)	SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	0	100	0	100
		SOCIETE GENERALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED (EX-SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD)	Financial Company	FULL	100	100	100	100
Italy								
		ALD AUTOMOTIVE ITALIA S.R.L	Specialist Financing	FULL	75.94	79.82	100	100
		FIDITALIA S.P.A	Specialist Financing	FULL	100	100	100	100
		FRAER LEASING SPA	Specialist Financing	FULL	74.99	75.02	74.99	75.02
	(6)	MORIGI FINANCE S.R.L.	Specialist Financing	FULL	100	0	100	0
	(6)	RED & BLACK AUTO ITALY S.R.L	Specialist Financing	FULL	100	0	100	0
		SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
		SG FACTORING SPA	Specialist Financing	FULL	100	100	100	100
		SG LEASING SPA	Specialist Financing	FULL	100	100	100	100
	(1)	SG LUXEMBOURG ITALIAN BRANCH	Specialist Financing	FULL	100	100	100	100
	(1)	SG MILAN	Bank	FULL	100	100	100	100
	(1)	SOCECAP S.A. RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
	(1)	SOGESSUR S.A.	Insurance	FULL	100	100	100	100
Japan								
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia								
		ALD AUTOMOTIVE SIA	Specialist Financing	FULL	56.96	59.86	75	75

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	56.96	59.86	75	75
Luxembourg								
		ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	FULL	75.94	79.82	100	100
		AXUS LUXEMBOURG S.A.	Specialist Financing	FULL	75.94	79.82	100	100
		BARTON CAPITAL S.A.	Financial Company	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0084	Insurance	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
		CODEIS SECURITIES S.A.	Financial Company	FULL	100	100	100	100
		COVALBA	Financial Company	FULL	100	100	100	100
		GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	100	100	100	100
		IVEFI S.A.	Financial Company	FULL	100	100	100	100
	(2)	LYXOR EURO 6M – CLASS SI	Insurance	FULL	0	64.37	0	64.37
		MOOREA GLB BALANCED	Insurance	FULL	68.08	68.08	68.08	68.08
		PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	(2)	RED & BLACK AUTO LEASE GERMANY 2 S.A.	Financial Company	FULL	0	79.82	0	100
		RED & BLACK AUTO LEASE GERMANY S.A.	Real Estate and Real Estate Financing	FULL	75.94	79.82	100	100
		SALINGER S.A.	Bank	FULL	100	100	100	100
		SG ISSUER	Financial Company	FULL	100	100	100	100
		SGBT ASSET BASED FUNDING S.A.	Financial Company	FULL	100	100	100	100
		SGBTCI	Financial Company	FULL	100	100	100	100
		SGL ASIA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGL RE	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LIFE INSURANCE BROKER S.A.	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE RE S.A.	Insurance	FULL	100	100	100	100
		SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100	100
		SOGELIFE	Insurance	FULL	100	100	100	100
	(6)	SOLYS	Financial Company	FULL	100	0	100	0
		SPIRE S.A. – COMPARTIMENT 2021-51	Insurance	FULL	100	100	100	100
		SURYA INVESTMENTS S.A.	Specialist Financing	FULL	100	100	100	100
	(6)	ZEUS FINANCE LEASING S.A.	Specialist Financing	FULL	75.94	0	100	0

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Madagascar								
		BFV – SOCIETE GENERALE (EX-BANKY FAMPANDROSOANA VAROTRA SG)	Bank	FULL	70	70	70	70
Malaysia								
	(6)	ALD MHC MOBILITY SERVICES MALAYSIA SDN BHD	Specialist Financing	FULL	45.56	0	60	0
Malta								
	(2)	LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	0	100	0	100
	(2)	LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	0	100	0	100
Morocco								
		ALD AUTOMOTIVE S.A. MAROC	Specialist Financing	FULL	35.23	36.58	50	50
		ATHENA COURTAGE	Insurance	FULL	58.28	58.23	99.93	99.9
		FONCIMMO	Group Real Estate Management Company	FULL	57.67	57.65	100	100
		LA MAROCAINE VIE	Insurance	FULL	79.24	79.77	99.98	99.98
		SG MAROCAINE DE BANQUES	Bank	FULL	57.67	57.65	57.67	57.65
		SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	FULL	31.19	30.97	53.98	53.72
		SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.67	57.65	100	100
		SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.64	57.62	99.94	99.94
		SOGECAPITAL GESTION	Financial Company	FULL	57.64	57.62	99.94	99.94
		SOGECAPITAL PLACEMENT	Portfolio Management	FULL	57.66	57.62	99.98	99.94
		SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.67	57.65	100	100
Mauritius								
		SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mauritania								
	(6)	SOCIETE GENERALE MAURITANIE	Bank	FULL	95.5	0	95.5	0
Mexico								
		ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	75.94	79.82	100	100
		ALD FLEET S.A. DE CV SOFOM ENR	Specialist Financing	FULL	75.94	79.82	100	100
		SGFP MEXICO, S.A. DE C.V.	Financial Company	FULL	100	100	100	100
Monaco								
		SOCIETE DE BANQUE MONACO	Bank	FULL	100	100	100	100
	(1)	SOCIETE GENERALE (SUCCURSALE MONACO)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100	100	100	100
Norway								
		ALD AUTOMOTIVE AS	Specialist Financing	FULL	75.94	79.82	100	100
		NF FLEET AS	Specialist Financing	FULL	60.75	63.85	80	80

Country			Activity	Method*	Group ownership interest As at 31.12.2022	Group ownership interest As at 31.12.2021	Group voting interest As at 31.12.2022	Group voting interest As at 31.12.2021
New Caledonia								
		CREDICAL	Specialist Financing	FULL	88.34	87.07	98.05	96.64
		SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.09	90.1	90.09	90.1
Netherlands								
		ALVARENGA INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		ASTEROLD B.V.	Financial Company	FULL	100	100	100	100
		AXUS FINANCE NL B.V.	Specialist Financing	FULL	75.94	79.82	100	100
		AXUS NEDERLAND BV	Specialist Financing	FULL	75.94	79.82	100	100
		BRIGANTIA INVESTMENTS B.V.	Financial Company	FULL	100	100	100	100
		CAPEREA B.V.	Specialist Financing	FULL	100	100	100	100
	(6)	FORD FLEET MANAGEMENT B.V.	Specialist Financing	FULL	38.05	0	50.1	0
		HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		HORDLE FINANCE B.V.	Financial Company	FULL	100	100	100	100
		MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
	(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
		SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
		SOGELEASE B.V.	Specialist Financing	FULL	100	100	100	100
		SOGELEASE FILMS	Specialist Financing	FULL	100	100	100	100
		TYNEVOR B.V.	Financial Company	FULL	100	100	100	100
Peru								
		ALD AUTOMOTIVE PERU S.A.C.	Specialist Financing	FULL	75.94	79.82	100	100
Poland								
		ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	75.94	79.82	100	100
		SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	FULL	100	100	100	100
	(1)	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
French Polynesia								
		BANQUE DE POLYNESIE	Bank	FULL	72.1	72.1	72.1	72.1
		SOGELEASE BDP “SAS”	Specialist Financing	FULL	72.1	72.1	100	100
Portugal								
		SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS S.A.	Specialist Financing	FULL	75.94	79.82	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Czech Republic								
		ALD AUTOMOTIVE S.R.O.	Specialist Financing	FULL	75.94	79.82	100	100
		ESSOX SRO	Specialist Financing	FULL	80	80	100	100
		FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
		KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
		KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		KB SMARTSOLUTIONS, S.R.O.	Bank	FULL	60.73	60.73	100	100
		KOMERCNI BANKA A.S	Bank	FULL	60.73	60.73	60.73	60.73
		KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100	100
		MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100
		PROTOS	Financial Company	FULL	60.73	60.73	100	100
		SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100	100
		SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM MICHLE S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
		STD2, S.R.O.	Group Real Estate Management Company	FULL	60.73	60.73	100	100
		VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		WORLDLINE CZECH REPUBLIC S.R.O.	Services	ESI	0.06	0.61	40	40
Romania								
		ALD AUTOMOTIVE SRL	Specialist Financing	FULL	72.79	75.89	100	100
		BRD – GROUPE SOCIETE GENERALE S.A.	Bank	FULL	60.17	60.17	60.17	60.17
		BRD ASSET MANAGEMENT SAI S.A.	Portfolio Management	FULL	60.17	60.15	100	100
		BRD FINANCE IFN S.A.	Financial Company	FULL	80.48	80.48	100	100
		BRD SOGELEASE IFN S.A.	Specialist Financing	FULL	60.17	60.17	100	100
		S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA	Services	FULL	100	100	100	100
		SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(1)	SOGESSUR S.A PARIS – SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
United Kingdom								
		ACR	Financial Company	FULL	100	100	100	100
		ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	75.94	79.82	100	100
		ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	75.94	79.82	100	100
	(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
		FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(6)	FORD FLEET MANAGEMENT UK LIMITED	Specialist Financing	FULL	38.05	0	100	0
		FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(1)	HORDLE FINANCE B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
		JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
		KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
		KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
		LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(6)	RED & BLACK AUTO LEASE UK 1 PLC	Specialist Financing	FULL	75.94	0	100	0
		ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	FULL	100	100	100	100
		SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
		SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
		SG HAMBROS TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
		SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS BANK LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	FULL	100	100	100	100
		SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
United Kingdom		SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
	(2)	SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	0	100	0	100
		SG LEASING IX	Specialist Financing	FULL	100	100	100	100
	(1)	SG LONDRES	Bank	FULL	100	100	100	100
		SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Company	FULL	100	100	100	100
		STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
		ALD AUTOMOTIVE OOO	Specialist Financing	FULL	75.94	79.82	100	100
	(4)	CJSC SG FINANCE (EX-CLOSED JOINT STOCK COMPANY SG FINANCE)	Specialist Financing	FULL	0	99.97	0	100
	(4)	LLC RUSFINANCE	Bank	FULL	0	99.97	0	100
	(4)	LLC TELSYCOM	Services	FULL	0	99.97	0	100
	(4)	PJSC ROSBANK	Bank	FULL	0	99.97	0	99.97
	(4)	RB CAPITAL ASSET MANAGEMENT LIMITED LIABILITY COMPANY	Real Estate and Real Estate Financing	FULL	0	99.97	0	100
	(4)	RB FACTORING LLC	Specialist Financing	FULL	0	99.97	0	100
	(4)	RB LEASING LLC	Specialist Financing	FULL	0	99.97	0	100
	(4)	RB SERVICE LLC	Group Real Estate Management Company	FULL	0	99.97	0	100
	(4)	RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	0	99.97	0	100
	(4)	RB TRADING LIMITED LIABILITY COMPANY	Specialist Financing	FULL	0	99.97	0	100
	(4)	SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	0	99.99	0	100
	(4)	SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	0	99.99	0	100
Senegal								
		SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia								
		ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	75.94	79.82	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Singapore								
		SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
		SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
	(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
		SG TRUST (ASIA) LTD	Financial Company	FULL	100	100	100	100
Slovakia								
		ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	75.94	79.82	100	100
		ESSOX FINANCE S.R.O	Specialist Financing	FULL	80	80	100	100
	(1)	KOMERCNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
	(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia								
		ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	75.94	79.82	100	100
Sweden								
		ALD AUTOMOTIVE AB	Specialist Financing	FULL	75.94	79.82	100	100
		NF FLEET AB	Specialist Financing	FULL	60.75	63.85	80	80
	(1)	SOCIETE GENERALE S.A. BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland								
		ALD AUTOMOTIVE AG	Specialist Financing	FULL	75.94	79.82	100	100
		SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
	(1)	SG ZURICH	Bank	FULL	100	100	100	100
		SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	FULL	100	100	100	100
Taiwan								
	(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
	(1)	SG TAIPEI	Bank	FULL	100	100	100	100
Chad								
		SOCIETE GENERALE TCHAD	Bank	FULL	56.91	56.86	67.92	67.83
Thailand								
		SOCIETE GENERALE SECURITIES (THAILAND) LTD.	Broker	FULL	100	100	100	100
Togo								
	(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	93.43	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Tunisia								
		UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34
Turkey								
		ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	75.94	79.82	100	100
	(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine								
		ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	75.94	79.82	100	100

* *FULL: Full consolidation – JO: Joint Operation – EJV: Equity (Joint Venture) – ESI: Equity (significant influence) – EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).*

(1) *Branches.*

(2) *Entities wound up.*

(3) *Removed from the scope.*

(4) *Entities sold.*

(5) *Merged.*

(6) *Newly consolidated.*

Additional information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the *Autorité des Normes Comptables* (ANC, the French Accounting standards body), dated 2 December 2016 is available on Societe Generale group website at: *https://investors.societegenerale.com/en/publications-documents.*

NOTE 8.6 Fees paid to Statutory Auditors

The consolidated financial statements of Societe Generale Group are certified jointly by Ernst & Young et Autres represented by M. Micha Missakian and M. Vincent Roty, on the one hand, and Deloitte et Associés represented by Mr Jean-Marc Mickeler and Mrs Maud Monin, on the other hand.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee of Societe Generale (CACI), the Annual General Meeting held on 23 May 2018 renewed the mandates of Ernst & Young et Autres and of Deloitte et Associés, for six years.

In accordance with the European regulation on the audit reform, the CACI implements a specific approval policy of the non-audit services of Statutory Auditors ("SACC") and their network by to verify its compliance before to the launch of the mission.

A synthesis of the SACC (approved or refused) is presented to every session of the CACI.

The fees by type of mission (audit or non-audit) are submitted to an annual review by the CACI.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte et Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the CACI.

The table below presents the auditors' fees invoiced by Ernst & Young et Autres, on the one hand, and Deloitte et Associés, on the other hand to Societe Generale S.A. and its subsidiaries. These amounts do not include the auditors' fees invoiced by their respective networks.

		Ernst & Young et Autres		Deloitte et Associés		Total	
(In EURm excluded VAT)		2022	2021*	2022	2021*	2022	2021*
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	4	4	4	4	8	8
	Fully consolidated subsidiaries	4	3	7	6	11	9
SUB-TOTAL AUDIT		**8**	**7**	**11**	**10**	**19**	**17**
Non-audit services (SACC)	Issuer	-	1	-	1	-	2
	Fully consolidated subsidiaries	1	-	1	-	2	-
TOTAL		**9**	**8**	**12**	**11**	**21**	**19**

* *The amounts have been restated compared with the published financial statements for the year ended 31 December 2021 in order to present only the amounts of fees invoiced by Ernst & Young et Autres, on the one hand, and Deloitte et Associés, on the other hand, to Societe Generale S.A. and its subsidiaries, excluding the fees charged by their network.*

Services other than the certification of accounts consist mainly of extended audit procedures (agreed procedures) and comfort letters. They also include services specifically and exclusively entrusted to the auditors for EUR 0.7 million.

NOTE 9 INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to Societe Generale. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by the bank, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale will be in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale Group will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of Societe Generale struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the London Court of Appeal discharged entirely the inquiry into damages granted by the London High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas, which has therefore become definitive. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the Banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million of penalties. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The new proceeding before the Supreme Court is still pending.
- In August 2009, Societe Generale Private Banking (Switzerland) ("SGPBS"), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), an Antiguan bank, with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

On 7 November 2017, the US District Court denied the plaintiffs' motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the US District Court for the Southern District of Texas.

On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgement seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.

On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS's and OSIC's motions. The case was formally remanded to the Southern District of Texas in Houston by order of 28 January 2022, and the trial as to all defendants is to commence on 27 February 2023. On 3 January 2023, SGPBS entered into an agreement settling the litigation brought by OSIC as well as the pending intervenor claims brought by certain individual plaintiffs also pending in the Southern District of Texas, in an amount covered by reserves in Société Générale S.A.'s accounts following a financial guarantee provided by Société Générale S.A. to SGPBS. This settlement is subject to review and approval by the US District Court for the Northern District of Texas, which oversees the wind-up of the Stanford estate.

In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of SIBL, appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS will defend against that claim in this proceeding, would it be notified of its continuation.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter") the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4 of the present Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. On 19 August 2022, one of the stayed putative class actions was voluntarily dismissed by plaintiffs. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions), were voluntarily dismissed with prejudice.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain antitrust and state law claims against Societe Generale. Discovery in that action is ongoing in the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff has appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which were consolidated. Plaintiffs alleged that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs were seeking to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal. The original proposed class representatives withdrew from the action. On 14 February 2022, the Second Circuit dismissed the remaining plaintiff's appeal for lack of standing leaving undisturbed the District Court's dismissal. This litigation is now concluded.
- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against Societe Generale, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to Societe Generale and the other remaining defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action has been transferred to the Competition Appeal Tribunal. Societe Generale is defending both actions.
- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by an enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. The Court of Luxembourg has confirmed on 12 May 2022 that the *précompte* was incompatible with the Parent-Subsidiary Directive.
- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
- Since August 2015, various former and current employees of the Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate inter alia to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  Societe Generale Group entities may also be exposed to claims by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the Societe Generale entities. The Societe Generale entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023.
- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a "derivative action" (*action ut singuli*) before the Commercial Court of Paris against the CEO of the Company (*Directeur Général*), Mr. Frédéric Oudéa. Plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the U.S. and French treasuries under the convention judiciaire d'intérêt public of 24 May 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of 5 June 2018 between Societe Generale and the United States Department of Justice (the "DPA").

  Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. By order dated 15 February 2022, the Commercial Court of Paris therefore took note of the termination of the proceedings. This matter is therefore definitively over.
- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.
- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing and equity and index derivatives activities. The 2017, 2018 and 2019 audited years are the subject of notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group.

- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Société Generale S.A. and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Société Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 13 December 2022. A case management conference ("CMC") is expected to take place in the course of the first quarter of 2023.
- SG Americas Securities, LLC ("SGAS") has received requests for information from the US Securities and Exchange Commission ("SEC") focused on compliance with record-keeping requirements in connection with business-related communications on messaging platforms that were not approved by the firm. The inquiry follows a number of regulatory settlements in 2022 with other firms covering similar matters. SGAS is cooperating with the investigation.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 required by European regulations and French law, such as information about the appointment of the statutory auditors or the verification of the information concerning the Group presented in the management report.

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

Year ended December 31, 2022

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2022.

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, 2022 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.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

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 the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

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 of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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.

ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

Risk identified

Customer loans and receivables carry a credit risk which exposes the Société Générale Group to a potential loss if its client or counterparty is unable to meet its financial commitments. The Société Générale Group recognizes impairment intended to cover this risk.

Such impairment is calculated according to IFRS 9 "Financial instruments" and the expected credit loss principle.

The assessment of expected credit losses for customer loan portfolios requires the exercise of judgment by Management, particularly in the uncertain context due to the geopolitical and economic situation, notably to:

- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- determine the loan classification criteria under stages 1, 2 or 3, taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy;
- estimate the amount of expected credit losses depending on the different stages;
- determine the adjustments to models and parameters, as well as the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors.

The information concerning in particular the procedures used to estimate and recognize expected credit losses are mainly detailed in Notes 3.5 "Loans, receivables and securities at amortized cost" and 3.8 "Impairment and provisions" to the consolidated financial statements.

As at December 31, 2022, total customer loan outstandings exposed to credit risk totaled M€ 506,529; impairment totaled M€ 10,634.

We considered the assessment of the impairment of customer loans to be a key audit matter as this requires Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographic areas most affected by the crisis.

Our response

Our work mainly focused on the most significant loans and customer loan portfolios, as well as the most vulnerable economic sectors and geographical areas, in particular, loans linked to Russia and sectors weakened by inflation and rising interest rates.

With the help of our credit risk modeling specialists, our audit work notably consisted in:

- obtaining an understanding of the Société Générale Group's governance and internal control system relating to credit risk assessment and the measurement of expected losses, and testing key manual and IT controls;

- examining the compliance of policies implemented by the Group and the methodologies broken down in the different business units with IFRS 9 "Financial instruments";
- assessing, with the help of economists from our firms, the relevance of the macro-economic projections and the scenario weightings applied by the Group;
- examining the main parameters adopted by the Group to classify the loans and assess impairment in stages 1 and 2 as at December 31, 2022;
- assessing the capacity of modes and parameter adjustments, as well as sector adjustments to provide adequate coverage of the level of credit risk in the context of the economic crisis;
- assessing, using data analysis tools, the assessment of expected credit losses for a sample of stage 1 and 2 loan portfolios;
- testing, as at December 31, 2022, for a selection of the most significant loans to corporate clients, the main criteria used to classify stage 3 loans, as well as the assumptions used to assess the related individual impairment.

We also analyzed the disclosures in Notes 1.5 "Use of estimates and judgment", 3.5 "Loans, receivables and securities at amortized cost", 3.8 "Impairment and provisions" and 10.3 "Credit and counterparty risk" to the consolidated financial statements relating to credit risk in the changing context of the pandemic and, in particular, the information required by IFRS 7 "Financial instruments: Disclosures" with regard to credit risk.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE

Risk identified

As at December 31, 2022 deferred tax assets on tax loss carryforwards were recorded in an amount of M€ 1,662, and more specifically in an amount of M€ 1,404 for the France tax group.

As stated in Note 6 "Income tax" to the consolidated financial statements, the Société Générale Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets when it is considered probable that the relevant tax entity has future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2022, this timeframe is eight years for the France tax group.

In addition, as stated in Notes 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question.

Given the importance of the assumptions used to assess the recoverability of deferred tax assets in France, notably on future taxable profits, and the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.

Our response

Our audit approach consisted in assessing the probability that the Société Générale Group would be able to use in the future its tax loss carryforwards generated to date, in particular with regard to its ability to generate future taxable profits in France.

With the support of tax specialists, our work notably consisted in:

- comparing the projected results of the previous years with the actual results of the corresponding fiscal years, in order to assess the reliability of the tax business plan preparation process;
- obtaining an understanding of the 2023 budget drawn up by Management and approved by the Board of Directors, as well as of the assumptions underlying projections for the 2023-2025 period, which take into account the expected impacts of operations known at the closing date (in particular the merger of the France networks or the acquisition of Leaseplan);
- assessing the relevance of tax profit extrapolation methods after the 2023-2025 period;
- reviewing the assumptions underlying sensitivity tests in the event of adverse scenarios defined by the Société Générale Group;
- analyzing the sensitivity of the tax loss recovery period under a range of assumptions determined by us;
- analyzing the situation of the Société Générale Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities.

We also examined the information provided by the Société Générale Group concerning deferred tax assets disclosed in Notes 1.5 "Use of estimates and judgment", 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements.

PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

Risk identified

As part of the management of the interest rate risk generated by its retail banking activities in France in particular, the Société Générale Group handles a portfolio of internal derivatives classified as hedges.

These internal transactions are classified as portfolio-based interest rate risk fair value hedging transactions ("macro-hedging") in accordance with IAS 39 as adopted in the European Union, as presented in Note 3.2 "Financial derivatives" to the consolidated financial statements.

Hedge accounting is only possible if certain criteria are met, in particular:

- designation and documentation at inception of the hedging relationship;
- eligibility of hedging and hedged instruments;
- demonstration of the hedge effectiveness;
- measurement of effectiveness;
- demonstration of the reversal of internal transactions at Group level.

The "macro-hedge" accounting of retail banking transactions in France requires Management to exercise judgment regarding in particular:

- the identification of eligible hedging and hedged items;
- the determination of the criteria adopted to schedule the outstandings' maturities by including behavioral criteria;

- the performance of tests on over-hedging, the disappearance of hedged items, efficiency and the external reversal of hedging transactions entered into with internal Société Général Group counterparties.

As at December 31, 2022, the amount of hedged portfolio remeasurement differences was M€ (2,262) in assets and M€ (9,659) in liabilities. The fair value of the corresponding financial instruments is included under "Hedging derivative instruments" in assets and liabilities.

Given the documentation requirements for "macro-hedging" relationships, the volume of hedging derivative transactions and the use of Management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings ("macro-hedging") consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by Management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

With the support of financial modelling experts, where necessary, our work mainly consisted in:

- familiarizing ourselves with the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Société Générale Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- assessing the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- analyzing the market reversal system for hedges entered into with internal Société Générale Group counterparties and the related documentation, and conducting tests on the matching of internal and external transactions;
- analyzing the results of tests on over-hedging, the disappearance of hedged items, efficiency and reversal required by applicable accounting standards.

We assessed the information disclosed in Notes 1.5 "Use of estimates and judgment", 3.2 "Derivative financial instruments" and 3.4 "Fair value of financial instruments measured at fair value" and 10.5 "Structural interest rate and currency risks" to the consolidated financial statements and their compliance with IFRS 7 "Financial instruments: Disclosures" with regard to hedge accounting.

MEASUREMENT OF GOODWILL

Risk identified

The accounting recognition of external growth transactions leads the Société Générale Group to record goodwill in the asset side of the consolidated balance sheet. This goodwill represents the difference between the acquisition cost of the activities or securities of companies acquired and the share of identifiable net assets acquired and liabilities assumed at the acquisition date. As at December 31, 2022, the net value of goodwill amounted to M€ 3,781.

The Société Générale Group must determine the presence or absence of indications of loss in value on this goodwill. The comparison of the net carrying amount of uniform business groupings, divided into CGUs, and their recoverable amount is a key component in assessing the potential need to record an impairment. The value in use of CGUs was calculated using the discounted cash flow method based on distributable profits calculated at CGU level.

As disclosed in Notes 1.5 "Use of estimates and judgment" and 2.2 "Goodwill" to the consolidated financial statements, the models and data used to value these CGUs are based on accounting estimates resulting from the exercise of Management judgment, notably concerning the following assumptions:

- future distributable profits of activities or companies acquired, whether five-year budget forecasts or the extrapolation for an additional year to calculate the terminal value;
- discount and growth rates applied to forecast flows.

For this reason, we considered the measurement of goodwill to be a key audit matter.

Our response

Our audit approach is based on obtaining an understanding of control procedures relating to (i) goodwill impairment tests and (ii) the preparation of business plans, implemented within the Société Générale Group to assess future changes in structures and activities, and to identify indications of impairment loss on these assets.

Procedures on the financial statements for the year ended December 31, 2022, conducted with our valuation specialists, notably consisted in:

- assessing the way groupings of uniform businesses are determined and, where appropriate, change;
- analyzing the methodology applied in the current context;
- comparing prior year profit forecasts with actual results for the relevant years, to assess the reliability of the budget process;
- conducting a critical review of business plans prepared by Management and approved by the Board of Directors based on our knowledge of activities, and of the assumptions adopted by Management beyond the five-year period to establish projections enabling the determination of terminal values;
- conducting a critical analysis of the main assumptions and parameters used (growth rate, cost of capital, discount rate) with regard to available internal and external information (macro-economic scenarios, financial analysts' consensus, etc.);
- independently recalculating the valuation of the CGUs;
- assessing the sensitivity analyses of results to change in key parameters, in particular when the recoverable amount is close to the net carrying amount.

We also reviewed the information submitted by the Société Générale Group on goodwill, disclosed in Notes 1.5 "Use of estimates and judgment" and 2.2 "Goodwill" to the consolidated financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified

Within the scope of its market activities, the Société Générale Group holds financial instruments for trading purposes. As at December 31, 2022 M€ 235,444 are recognized in fair value levels 2 and 3 in the asset side, and M€ 293,845 are recognized in the liability side of the Société Générale Group's balance sheet, i.e. 59% and 85%, respectively, of financial assets and liabilities measured at fair value.

To determine the fair value of these instruments, the Société Générale Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin in the income statement for transactions involving such financial instruments, as stated in Note 3.4 "Fair value of financial instruments measured at fair value", point 7 to the consolidated financial statements. If necessary, these valuations include additional reserves or value adjustments.

The models and data used to value these instruments, and their classification under the fair value hierarchy, may be based for example on Management's judgments and estimates, in the absence of available market data or a market valuation model.

Due to the complexity of modelling in determining fair value, the multiplicity of models used, and the use of Management judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.

Our response

Our audit approach is based on a mixed approach using both tests on internal control processes relating to the valuation of complex financial instruments and substantive procedures.

With the support of experts in the valuation of financial instruments included in the audit team, our work consisted in:

- obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems;
- reviewing the governance of value adjustments and reserves;
- analyzing the valuation methodologies for certain categories of complex instruments and the relating reserves or value adjustments;
- testing the key controls relating to the independent verification of the valuation parameters, and analyzing certain market parameters used to provide input for the valuation models, by reference to external data;
- obtaining an understanding of the bank's analysis principles and performing tests of controls, on a sampling basis, as regards the process used to explain the changes in fair value; in addition, performing "analytical" IT procedures on the daily control data relating to certain activities;
- obtaining the quarterly results of the independent verification process performed on the models;
- obtaining the quarterly results of the valuation adjustment process using external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where there was no external data, we controlled the existence of reserves or the non-material nature of the related issues;
- performing counter-valuations of a selection of complex derivative financial instruments using our tools;
- analyzing the transaction observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and we compared the new methods adopted by the Société Générale Group to recognize these margins over time with the information presented in Note 3.4 "Fair value of financial instruments measured at fair value", point 7 to the consolidated financial statements.

We also assessed the compliance of the methods underlying the estimates with the principles described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified

The Market Activities of the Global Banking & Investor Solutions (GBIS) division constitute an important activity of the Société Générale Group, as illustrated by the significance of the financial instruments positions in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the IT chains used or the recording of transactions until their transfer into the accounting system may result from:

- changes made to management and financial information by unauthorized persons via the information systems or underlying databases;
- a failure in the processor the transfer of data between systems;
- a service interruption or an operating incident which may or may not be related to internal or external fraud.

Furthermore, in a context of widespread home working, the Société Générale Group is exposed to new risks, particularly those relating to the opening up of information systems to allow remote access to transaction processing applications.

To ensure the reliability of the accounts, it is therefore essential for Société Générale to master the controls relating to the management of the information systems.

In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.

Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale Group. With the support of information system specialists included in our audit team, we tested the IT general controls of the applications that we considered to be key for this activity.

Our work mainly consisted in assessing:

- the controls set up by the Société Générale Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended procedures in the event of ineffective control identified during the financial year;

- the potential privileged access to applications and infrastructure;
- the management of changes made to applications, and more specifically the separation between development and business environments;
- the security policies in general and their deployment in IT applications (for example, those related to passwords);
- the handling of IT incidents during the financial year;
- the governance and the control environment on a sample of applications.

Regarding these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems.

In addition, our tests on the general IT and application controls were supplemented by data analytics procedures on certain IT applications.

We also evaluated the governance implemented by the Société Générale Group to ensure the resilience of information systems faced with cyber risks. Our procedures consisted in discussions with the Société Générale Group's security teams and obtaining an understanding of the reports prepared by the cybersecurity committees as well as any incidents during the financial year.

ASSESSMENT OF THE RISK RELATING TO LEGAL, REGULATORY OR ARBITRAL PROCEEDINGS INVOLVING THE SOCIÉTÉ GÉNÉRALE GROUP

Risk identified

The Société Générale Group is a party to a number of proceedings, including civil, administrative and criminal proceedings as indicated in Note 8.3.2 "Other provisions" to the consolidated financial statements. Other provisions amounted to M€ 1,554 as at December 31, 2022 and include provisions for litigation, among others.

As indicated in Note 9 "Information on risks and disputes" to the consolidated financial statements, proceedings representing a significant risk are analyzed on a quarterly basis to assess the need to record provisions or adjust the amount of raised provisions.

Given the complexity of some of the regulatory and administrative authorities' investigations and of the class actions, the significant amount of management judgment exercised in assessing the risks and the financial repercussions for the Group, we consider the assessment of the risk relating to legal, regulatory or arbitral proceedings to which the Société Générale Group is a party to be a key audit matter.

Our response

Our approach, which includes the involvement of tax experts, consisted in:

- obtaining an understanding of the litigation provision assessment process set up by the bank to assess litigation provisions;
- conducting interviews with the Group's legal and tax departments and the functions affected by the ongoing proceedings in order to monitor the development of the main legal proceedings and ongoing investigations by legal and tax authorities and regulators;
- obtaining and reviewing available documentation such as: Management's position and the memos of the Group's legal and tax advisors;
- requesting confirmation from the lawyers in charge of the most significant proceedings;
- assessing the reasonableness of the assumptions used to determine the need for and the amount of provisions raised, in particular on the basis of information gathered from the Group's external advisers involved in the relevant cases;
- assessing the suitability of the information provided in the notes to the financial statements.

REASSESSMENT OF THE RESIDUAL VALUES OF VEHICLES LEASED BY THE GROUP

Risk identified

Long-term rental fleet vehicles are depreciated on a straight-line basis as described in the "Operating lease assets" paragraph of Note 8.4 "Property, plant and equipment and intangible assets" to the consolidated financial statements. The depreciation period used is the estimated lease term; the residual value corresponds to the estimated resale value of the vehicles on expiry of the lease. These residual values are determined for each vehicle at the beginning of the lease and reviewed at least once annually. The methods of calculating these residual values are determined by the Group.

The calculations are based on statistical data.

The difference between the re-estimated residual value and the initial residual value represents a change in estimate and is amortized on a straight-line basis over the remaining lease term.

As at December 31, 2022, the total amount of depreciation thus determined for the fleet amounted to M€ 8,862 as indicated in the variation table set out in Note 8.4 "Property, plant and equipment and intangible assets" to the consolidated financial statements.

We consider the estimation of vehicle residual values to be a key audit matter since:

- it results from a complex statistical approach;
- it incorporates assumptions and requires Management judgment, particularly in the current context of exceptionally high prices in the used vehicle market and uncertainties relating to the price of used electric vehicles, which represent a growing percentage of the fleet.

Our response

In response to this risk, we obtained an understanding of the residual value reassessment process set up by the Group. We analyzed the effectiveness of the key controls implemented by local and head office management, including those relating to the determination of assumptions and parameters that were used for this reassessment.

By including IT system experts in the team, we tested the general IT controls of the applications used in the fleet reassessment process.

Our work also consisted in:

- assessing the relevance of the statistical model adopted as well as the main parameters and assumptions used at the end of December 2022;
- conducting tests to ensure that data from the fleet management systems were correctly entered in the residual value calculation tool and testing key data security controls;
- comparing the data from these calculations with the amounts recorded in the accounts;
- checking, on a sampling basis, the accounting translation of changes in estimated residual values;
- checking that the estimates selected were based on documented methods that comply with the principles described in the notes to the 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 information given in the Board of Directors' Group management report.

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

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

FORMAT OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

APPOINTMENT OF THE STATUTORY AUDITOR

We were appointed as statutory auditors of Société Générale by the Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for ERNST & YOUNG et Autres.

As at December 31, 2022, Deloitte & Associés and ERNST & YOUNG et Autres were in their twentieth and eleventh year of total uninterrupted engagement, respectively.

Previously, ERNST & YOUNG Audit was the statutory auditor of Société Générale from 2000 to 2011.

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 such internal control as Management determines is necessary to enable 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 Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

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

OBJECTIVE AND AUDIT APPROACH

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 made on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), 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 consolidated 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.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 13, 2023

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Jean-Marc Mickeler	Maud Monin	Micha Missakian	Vincent Roty

6.4 SOCIETE GENERALE MANAGEMENT REPORT

BALANCE SHEET ANALYSIS

(In EURbn at 31 December)	31.12.2022	31.12.2021	Change
Interbank and money market assets	267	231	36
Loans to customers	363	341	22
Securities transactions	508	484	24
o.w. securities purchased under repurchase agreements	*248*	*198*	*50*
Other assets	189	178	11
o.w. option premiums	*69*	*87*	*(18)*
Tangible and intangible assets	3	3	-
TOTAL ASSETS	**1,330**	**1,237**	**93**

(In EURbn at 31 December)	31.12.2022	31.12.2021	Change
Interbank and cash liabilities(1)	363	336	27
Customer deposits	434	399	35
Bonds and subordinated debt(2)	30	27	3
Securities transactions	295	261	34
o.w. securities sold under repurchase agreements	*219*	*192*	*27*
Other liabilities and provisions	172	176	(4)
o.w. option premiums	*76*	*96*	*(20)*
Shareholder's equity	36	38	(2)
TOTAL LIABILITIES	**1,330**	**1,237**	**93**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

2022 was dominated by spiking inflation which pushed commodity and food prices sky high, a direct consequence of the war in Ukraine. Post-pandemic economic recovery was coupled with a failure of supply to keep pace with surging demand, which was exacerbated by the ongoing heavy restrictions imposed in China that disrupted production chains and transport of goods.

Mounting inflationary pressures prompted the US Federal Reserve (Fed) and the European Central Bank (ECB) to tighten monetary policy and announce a series of rate hikes, which put paid to the era of negative rates. Equity markets corrected sharply in response during the first three quarters of the year before the picture brightened in the fourth quarter as inflation stabilised.

Societe Generale posted a solid performance while keeping both cost and risk under control in a complex geopolitical and economic environment dogged by uncertainty.

At 31 December 2022, the balance sheet total stood at EUR 1,330 billion, up EUR 93 billion from the position at 31 December 2021.

The positive EUR 35.7 billion change in the Interbank and money market assets line was due in large part to the increase in central bank receivables for EUR 26.9 billion, of which EUR 21.4 billion from the French Central Bank (*Banque de France*) to meet regulatory requirements. Bank loans (the Other assets line) also increased to the tune of EUR 11 million and were predominantly directed to Group subsidiaries.

Interbank and cash liabilities increased to the tune of EUR 27.2 billion, for the main part due to borrowings from banks which rose by EUR 38.4 billion, most of which was accounted for by borrowings from Group subsidiaries and issuance of euro medium-term notes (EMTN) debt securities for EUR 7.9 billion. Borrowings from the *Banque de France* declined by EUR 20.3 billion, in essence to repay a drawdown from the ECB's TLTRO support programme as a result of the central bank's key rate increases in September 2022.

Loans to customers rose by EUR 22.1 billion, mainly on an increase in current accounts (EUR 15.2 billion), in particular at the Group's investment firms, and a rise in cash facilities for EUR 7.4 billion on back of sharper demand for corporate finance. Despite robust home loan activity in the first half of the year, home loans declined of EUR 4 billion following a rolled-over housing securitisation transaction that reduced net receivables by EUR 6.3 billion.

Customer deposits increased by EUR 35.6 billion, chiefly owing to the EUR 27.9 billion rise in fixed-term deposits, mirroring investor appetite for this type of product amid a rising rate environment. Current accounts payable rose EUR 11.9 billion. Conversely, term borrowings by financial institutions contracted by EUR 5.2 billion.

The Fed and the ECB made major key rate hikes throughout 2022. In this context, money market transactions secured by securities offered enhanced liquidity, particularly on sovereign debt. Accordingly, securities purchased and sold under repurchase agreements rose respectively by EUR 49.9 billion and EUR 27.6 billion. In the wake of advancing rates on both French and US 10-year Treasury notes, outstandings from bonds and commercial paper rose by EUR 10 billion. By contrast, bearish equity markets pushed securities transaction outstandings down by EUR 34.7 billion.

Fixed-income and forex derivative trading surged in 2022 against a backdrop dominated by rising interest rates and US dollar appreciation against the major currencies. Conversely, weaker stock market and index volatility resulted in smaller premiums paid and received on derivative instruments for EUR 18 billion and EUR 20 billion, respectively.

Societe Generale has a diversified range of funding sources and channels:

- stable resources consisting of equity and subordinated debt (EUR 66 billion);
- customer deposits, up EUR 36 billion, which make up a significant share (33%) of total balance sheet resources;
- resources (EUR 237 billion) in the form of interbank deposits and borrowings;
- capital raised on the market through a proactive diversification policy, making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificates of Deposit), currencies and investor pools (EUR 118 billion);
- resources from securities sold under repurchase agreements to customers and banks (EUR 219 billion), which rose *vs.* 2021.

INCOME STATEMENT ANALYSIS

	2022			2021			Changes 2022-2021 *(%)*		
(In EURbn)	**France**	**Outside France**	**Societe Generale**	**France**	**Outside France**	**Societe Generale**	**France**	**Outside France**	**Societe Generale**
Net banking income	**9,678**	**3,068**	**12,746**	**8,125**	**2,827**	**10,952**	**19**	**9**	**16**
Total operating expenses	(8,584)	(1,826)	(10,410)	(7,887)	(1,649)	(9,536)	9	11	9
Gross operating income	**1,094**	**1,242**	**2,336**	**238**	**1,178**	**1,416**	**360**	**5**	**65**
Cost of risk	(424)	(175)	(599)	(133)	26	(107)	219	(773)	460
Operating income	**670**	**1,067**	**1,737**	**105**	**1,204**	**1,309**	**538**	**(11)**	**33**
Income/(loss) on long-term investments	(1,828)	(251)	(2,079)	604	57	661	(403)	(540)	(415)
Operating income before tax	**(1,158)**	**816**	**(342)**	**709**	**1,261**	**1,970**	**(263)**	**(35)**	**(117)**
Income tax	390	(308)	82	414	(389)	25	(6)	(21)	228
Net income	**(768)**	**508**	**(260)**	**1,123**	**872**	**1,995**	**(168)**	**(42)**	**(113)**

In 2022, within an uncertain and complex geopolitical and economic environment, Societe Generale generated gross operating income of EUR 2.3 billion, a gain of EUR 0.9 billion compare to 2021, showing a rebound of 65%.

- net banking income (NBI) amounted to EUR 12.7 million, up EUR 1.7 billion (+16%) compare to 2021. Income rose across all our businesses:
  - French Retail Banking's net banking income grew by EUR 0.8 billion year-on-year. Retail Banking reported a sound financial performance on the back of steady growth in fees (+8% *vs.* 2021).

    Societe Generale continued to execute on the merger with Crédit du Nord throughout the year. The legal merger took effect on schedule on 1 January 2023. SG is the Group's new retail bank in France and it has bold ambitions: it aims to be a top-tier banking partner, serving 10 million clients in the French market,
  - Global Banking & Investor Solutions also delivered: revenue was up by EUR 0.4 billion, driven by robust momentum across all business lines:
    - the Equity and Equity Derivatives businesses grew revenue by 24%, continuing the healthy performance recorded in 2021. Growth was driven by brisk client activity and solid risk management in a mixed environment,

- amid highly volatile interest rates, revenue generated by Fixed Income and Currencies rebounded strongly from 2021 to gain 69% in 2022,
- Financing & Advisory activities posted an excellent performance with revenues up 26% *vs.* 2021. They benefitted from solid market momentum in Asset Finance and activities related to Natural Ressources. Global Transaction and Payment Services posted a record performance benefitting of rising interest rates;

- the Corporate Centre, which includes management of the Group's investment portfolio, saw a EUR 0.9 billion increase in its net banking income year-on-year, essentially from higher dividends received from the subsidiaries.

- general operating expenses climbed 9% to EUR 0.9 billion year-on-year:
  - management overheads came out at EUR 5 billion at 31 December 2022, an increase of EUR 0.6 billion (+15%) relative to 2021. This increase is explained notabley by the higher contribution to the Single Resolution Fund (SRF) accounted for EUR 0.3 billion and the Group's transformation costs,
  - payroll expense totalled EUR 5.4 billion, which is EUR 0.2 billion more (+5%) than in 2021. Payroll in 2022 included the rise of employee's fixed and variable remuneration. Expenses relating to defined benefit pension plans increased EUR 0.1 billion in a context of rates hikes;
- the net cost of risk was EUR 0.6 billion at 31 December 2022, an increase of EUR 0.5 billion year-on-year. As the default outstanding loans remain under control within the cost of risk, the cautious provisionning policy explains the increase of the costs of the year.

  Their combined effect pushed up operating income by EUR 0.4 billion *vs.* 2021 to EUR 1.7 billion at 31 December 2022;
- in 2022, Societe Generale posted a loss on fixed assets of EUR 2.1 billion, primarily on the disposal of the Russian subsidiary Rosbank for EUR 1.8 billion and the EUR 0.3 billion impairment booked on the Societe Generale Securities Services SPA equity investment. To recap, gains of EUR 0.7 billion recorded in 2021 related mainly to the disposal of Lyxor Asset Management and Lyxor International Asset Management;
- at EUR 0.1 billion, income tax reflects the divergence in results between branches outside France and the performance in France, impacted by the Rosbank disposal.

Net loss after tax amounted to EUR 0.3 billion at end-2022 *vs.* a gain of EUR 2 billion at the 2021 year-end.

TRADE PAYABLES PAYMENT SCHEDULE

	31.12.2022						31.12.2021					
	Payables not yet due						Payables not yet due					
(In EURm)	1–30 days	31–60 days	> 60 days	> 90 days	Payables due	Total	1–30 days	31–60 days	> 60 days	> 90 days	Payables due	Total
Trade Payables	41	90	-	-	-	131	41	91	-	-	-	132

The due dates are according to conditions calculated at 60 days from invoice date.

In France, Societe Generale's supplier invoices are for the most part processed centrally. The department responsible books and settles invoices for services requested by all Societe Generale France's Corporate and Business Divisions.

In accordance with the Group's internal control procedures, invoices are only paid after they have been approved by the departments that signed for the services. Once approved, they are paid on average between three and seven days.

In accordance with Article D. 441-6 of the French Commercial Code, as worded pursuant to French Decree No. 2021-11 of 26 February 2021, the information on supplier payment times is given in the table below:

- the banking, insurance and financial services businesses (loans, financing and commissions) are excluded from the scope.

	31.12.2022					
	Payables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Payment delay tranches						
Number of invoices concerned	26	1,188	634	291	6,798	8,937
Total amount of invoices (incl. tax) concerned *(in EURm)*	-	13	8	7	36	64
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) Invoices excluded from (A) pertaining to disputed payables and receivables, not recorded						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) Reference payment terms used when calculating delays (Article L. 441-6 or L. 443-1 of the French Commercial Code)						
☑ Statutory payment terms (60 days from invoice date or 45 days end of month)						
☐ Contractual payment terms						

Payment terms on accounts receivable

The payment schedules for accounts receivable are set by contract in respect of financing granted or services invoiced. The initial payment terms set for loan repayments may be amended by means of contractual options (such as prepayment or payment deferral options). Compliance with contractual payment terms is monitored as part of the Bank's risk management process (see Chapter 4 of this URD: "Risks and Capital Adequacy"), particularly in respect of credit risk, structural interest rate risk, and liquidity risk. The residual maturities of accounts receivable are indicated in Note 7.3 to the parent company financial statements.

The due dates are according to conditions calculated at 60 days from invoice date.

	31.12.2022					
	Receivables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Payment delay tranches						
Number of invoices concerned	-	115	86	112	1,721	2,034
Total amount (incl. tax) of invoices concerned *(in EURm)*(1)	-	7	10	2	64	83
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) Invoices excluded from (A) pertaining to disputed payables and receivables, not recorded						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) Reference payment terms used when calculating delays (Article L. 441-6 or L. 443-1 of the French Commercial Code)						
☐ Contractual payment terms (to be specified)						
☑ Statutory payment terms						

(1) Including EUR 38 million of disputed payables.

SOCIETE GENERALE FINANCIAL RESULTS: FIVE-YEAR SUMMARY

(In EURm)	2022	2021	2020	2019	2018
Financial position at year end					
Share capital *(in EURm)*[1]	1,062	1,067	1,067	1,067	1,010
Number of shares outstanding[1]	849,883,778	853,371,494	853,371,494	853,371,494	807,917,739
Total income from operations *(in EURm)*					
Revenue excluding tax[2]	32,519	27,128	27,026	34,300	30,748
Earnings before tax, depreciation, amortisation, provisions, employee profit sharing and general reserve for banking risks	292	2,470	365	3,881	19
Employee profit sharing during the year	12	15	6	11	11
Income tax	(82)	(25)	141	(581)	(616)
Earnings after tax, depreciation, amortisation and provisions	(260)	1,995	(1,568)	3,695	1,725
Dividends paid[3]	1,877	1,877	0	1,777	1,777
Adjusted earnings per share *(in EUR)*					
Earnings after tax but before depreciation, amortisation and provisions	0.43	2.91	0.24	5.16	0.72
Net income	(0.31)	2.34	(1.84)	4.33	2.14
Dividend paid per share	1.70	1.65	0.55	2.20	2.20
Employees					
Headcount[4]	42,450	43,162	44,544	46,177	46,942
Total payroll *(in EURm)*	3,938	3,554	3,408	3,754	3,128
Employee benefits (Social Security and other) *(in EURm)*	1,535	1,655	1,475	1,554	1,525

(1) At 31 December 2022, Societe Generale's fully paid-up capital amounted to EUR 1,062,354,722.50, comprising of 849,883,778 shares with a nominal value of EUR 1.25.
(2) Revenue consists of interest income, dividend income, fee income, income from financial transactions and other operating income.
(3) In accordance with the European Central Bank's recommendation issued on 27 March 2020 regarding the payment of dividends during the Covid-19 pandemic, Societe Generale did not pay dividends on ordinary shares in respect of the 2019 financial year.
(4) Average headcount restated compared to the financial statements published in 2021 and 2020.

Main changes in the investment portfolio in 2022

In 2022, Societe Generale carried out the following transactions:

Outside France	In France
Creation	**Creation**
-	-
Acquisition of interest	**Acquisition of interest**
-	-
Acquisition	**Acquisition**
-	Parel
Increase of interest	**Increase of interest**
-	-
Subscription to capital increases	**Subscription to capital increases**
EPI Company	Boursorama SA, ALD, Shine, Societe Generale Ventures, Treezor and Transactis
Full disposal	**Full disposal**
Rosbank	-
Reduction of interest(1)	**Reduction of interest**(1)
-	Sogémarché

(1) Including capital reductions, dissolution by transfer of assets, mergers and liquidations.

The table below summarises Societe Generale's investments that crossed a threshold (as a percentage of direct ownership) in 2022:

	Crossing above the threshold				Crossing below the threshold		
Threshold	**Companies**	**% of capital at 31.12.2022**	**% of capital at 31.12.2021**	**Threshold**	**Companies**	**% of capital at 31.12.2022**	**% of capital at 31.12.2021**
5%	EPI Company	7.46%	0%	5%	EPI Interim Company	0%	6.25%
10%				10%			
20%				20%			
33.33%	Société Services Fiduciaire(1)	33.33%	0%	33.33%			
50%				50%			
66.66%	Parel(1)	100%	0%	66.66%	SG Acceptance Rosbank	0% 0%	100% 99.97%

(1) Ownership in the French entities, in accordance with Article L. 233.6 of the French Commercial Code.

6.4.1 INFORMATION REQUIRED PURSUANT TO ARTICLE L. 511-4-2 OF THE FRENCH MONETARY AND FINANCIAL CODE RELATED TO SOCIETE GENERALE SA

As part of its long-established presence in the commodities markets, Societe Generale offers agricultural commodity derivatives. These products meet a range of customer needs, including the risk management needs of business customers (producers, consumers), and provide exposure to the commodities markets for investors (asset managers, funds and insurance companies).

Societe Generale's offering covers a broad range of underlyings, including sugar, cocoa, coffee, cotton, orange juice, corn, wheat, rapeseed, soybean, oats, cattle, lean hogs, milk and rice. Within this scope, Societe Generale offers vanilla products on organised markets and in index-based products. Exposure to agricultural commodities can be provided through a single-commodity product or through multi-commodity products. Multi-commodity products are primarily used by investor clients through index-based products.

Societe Generale manages the risks associated with these positions on organised markets, for example:

- NYSE LIFFE (including Euronext Paris) for cocoa, corn, wheat, rapeseed oil, sugar and coffee;
- ICE FUTURES US for cocoa, coffee, cotton, orange juice, sugar and wheat;
- ICE FUTURES Canada for canola;
- CME group for corn, soybean, soybean oil, soybean meal, wheat, oats, cattle, lean hogs, milk and rice;
- Minneapolis Grain Exchange for wheat;
- SGX for rubber;
- TOCOM for rubber.

This list is subject to change.

A number of measures are in place to prevent or detect any material impact on the price of agricultural commodities as a result of Societe Generale's activities described above:

- the trading activity is governed by the MiFID II regulatory framework in Europe, in force since 3 January 2018: it sets limits for positions on certain agricultural commodities, introduces the obligation to report on positions to the trading platform, as well as systematic reporting of all transactions to the appropriate regulatory body;
- the business also operates within internal limits, set by teams tracking risks independently of the operators;
- these teams constantly monitor compliance with these various limits;
- moreover, Societe Generale's trading activity on organised markets follows limits set by the Societe Generale clearing broker;
- to prevent any inappropriate behaviour, mandates and manuals setting out their scope are provided to Societe Generale traders. They also attend regular training on business standards and market conduct;
- daily controls are run to detect any inappropriate trading. These controls include monitoring compliance with the US Commodity Futures Trading Commission (CFTC) and market rules on position limits, designed to ensure that no operator can adopt a market position that poses a danger to market equilibrium.

6.4.2 DISCLOSURE ON DORMANT ACCOUNTS

All credit institutions are required to publish information on dormant bank accounts on an annual basis under Articles L. 312-19 and L. 312-20 of the French Monetary and Financial Code, as introduced by French Act No. 2014-617 of 13 June 2014 on dormant bank accounts and unclaimed life insurance accounts. Also known as the Eckert Act, it entered into force on 1 January 2016.

In 2022, 19,470 dormant bank accounts were closed. The total amount deposited with the *Caisse des Dépôts et Consignations* was EUR 30,301,720.93.

Some 329,839 bank accounts were identified as dormant at the end of December 2022, representing an estimated total of EUR 1,751,728,690.03.

6.5 FINANCIAL STATEMENTS

6.5.1 PARENT COMPANY BALANCE SHEET

ASSETS

(In EURm)		31.12.2022	31.12.2021
Cash, due from central banks and post office accounts		165,341	138,486
Treasury notes and similar securities	Note 2.1	51,946	46,992
Due from banks	Note 2.3	216,750	187,185
Customer loans	Note 2.3	495,642	444,357
Bonds and other debt securities	Note 2.1	109,607	104,622
Shares and other equity securities	Note 2.1	74,833	109,629
Affiliates and other long-term securities	Note 2.1	812	943
Investments in related parties	Note 2.1	22,188	23,850
Tangible and intangible fixed assets	Note 7.2	2,980	2,939
Treasury stock	Note 2.1	1,130	630
Accruals, other accounts receivables and other assets	Note 3.2	188,731	177,663
TOTAL		**1,329,960**	**1,237,296**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2022	31.12.2021
Loan commitments granted	Note 2.3	306,565	249,393
Guarantee commitments granted	Note 2.3	233,347	221,912
Commitments made on securities		30,204	20,729

LIABILITIES AND SHAREHOLDERS' EQUITY

(In EURm)		31.12.2022	31.12.2021
Due to central banks and post office accounts		8,230	5,118
Due to banks	Note 2.4	340,748	314,011
Customer deposits	Note 2.4	550,236	497,734
Liabilities in the form of securities i	Note 2.4	119,613	113,037
Accruals, other accounts payables and other liabilities	Note 3.2	236,525	234,551
Provisions	Note 7.3	10,205	11,250
Long-term subordinated debt and notes	Note 6.4	28,311	23,639
Shareholders' Equity			
Common stock	Note 6.1	1,062	1,067
Additional paid-in capital	Note 6.1	21,330	21,556
Retained earnings	Note 6.1	13,960	13,338
Net income	Note 6.1	(260)	1,995
SUB-TOTAL		**36,092**	**37,956**
TOTAL		**1,329,960**	**1,237,296**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2022	31.12.2021
Loan commitments received from banks	Note 2.4	85,354	67,942
Guarantee commitments received from banks	Note 2.4	62,807	64,927
Commitments received on securities		33,928	26,352

6.5.2 INCOME STATEMENT

(In EURm)		31.12.2022	31.12.2021
Interest and similar income	Note 2.5	18,373	15,060
Interest and similar expense	Note 2.5	(17,164)	(13,504)
Dividend income	Note 2.1	2,816	1,915
Fee income	Note 3.1	5,320	4,932
Fee expense	Note 3.1	(2,388)	(2,169)
Net income from the trading portfolio	Note 2.1	6,176	4,428
Net income from short-term investment securities	Note 2.1	(190)	533
Income from other activities		423	186
Expense from other activities		(620)	(429)
Net banking income	**Note 7.1**	**12,746**	**10,952**
Personnel expenses	Note 4.1	(5,360)	(5,129)
Other operating expenses[1]		(4,548)	(3,892)
Impairment, amortisation and depreciation		(502)	(515)
Gross operating income		**2,336**	**1,416**
Cost of risk	Note 2.6	(599)	(107)
Operating income		**1,737**	**1,309**
Net income from long-term investments	Notes 2.1	(2,079)	661
Operating income before tax		**(342)**	**1,970**
Income tax	Note 5	82	25
Net Income		**(260)**	**1,995**
Earnings per ordinary share	**Note 6.3**	**(0.32)**	**2.36**
Diluted earnings per ordinary share		**(0.32)**	**2.36**

(1) O/w. EUR 732 million related to the 2022 contribution to the Single Resolution Fund (SRF) (EUR 476 million at 31 December 2021).

Information about fees paid to Statutory Auditors is disclosed in the notes to the consolidated financial statements of Societe Generale Group; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

6.6 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements were approved by the Board of Directors on 7 February 2023.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

1. Introduction

The preparation and presentation of the parent company financial statements for Societe Generale comply with the provisions of Regulation 2014-07 of the French Accounting Standards Board (*Autorité des Normes Comptables*, ANC), relating to the annual accounts for the banking sector.

As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they have been adjusted to comply with the accounting principles applicable in France.

The disclosures provided in the notes to the parent company financial statements focus on information that is both relevant and material to the financial statements of Societe Generale, its activities and the circumstances in which it conducted its operations over the period.

2. Accounting policies and valuation methods

In accordance with the accounting principles applicable to French credit institutions, the majority of transactions are recorded using valuation methods that take account of the purpose for which they were completed.

In financial intermediation transactions, assets and liabilities are generally maintained at their historical cost and impairment is recognised where counterparty risk arises. Revenues and expenses arising from these transactions are recorded *prorata temporis* over the life of the transaction in accordance with the accounting cut-off principle. The same applies for transactions on forward financial instruments carried out for hedging purposes or to manage the bank’s overall interest rate risk.

Transactions performed in the Global Markets activity are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value. When these financial instruments are not quoted in an active market, the market value used is adjusted to take into account the liquidity risk, future management fees and, if any, the counterparty risk.

3. Translation of foreign currency financial statement

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. The income statement items of these branches are translated at the average quarter-end exchange rate. Translation gains and losses arising from the translation of the capital contribution, reserves, retained earnings and net income of foreign branches, which result from changes in exchange rates, are included in the balance sheet under “Accruals, other accounts payable/receivable and other liabilities/assets”.

4. Use of estimates and judgment

In compliance with the accounting principles and methods applicable to the preparation of the financial statements and stated in the notes to the present document, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, the valuation of assets and liabilities on the balance sheet, and the information disclosed in the notes to the parent company financial statements.

In order to make these assumptions and estimates, the Management uses the information available as at the date of preparation of the financial statements and can exercise its own judgment. By nature, valuations based on these estimates involve risks and uncertainties about their materialization in the future. Consequently, the actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The assumptions and estimates made in preparing these annual financial statements takes account of both the uncertainties about the economic consequences of the war in Ukraine and those that remain with regard to the Covid-19 pandemic, as well as of the current macroeconomic conditions. The impacts of these events on the assumptions and estimates used are detailed in part 5 of the present note.

The use of estimates mainly concerns the following accounting topics:

- fair value in the balance sheet of financial instruments (securities portfolio and forward financial instruments) not quoted in an active market and held for trading activities (see Notes 2.1, 2.2 and 3.2);
- impairment of financial assets (see Note 2.6);
- provisions recognised as liabilities (see Notes 2.6, 4.2 and 5.2);
- deferred tax assets recognised in the balance sheet (see Note 5).

CLIMATE RISK

Societe Generale continues its work to gradually integrate climate risk in the preparation of its statutory financial statements. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system of Societe Generale. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains the primary climate risk for the Bank.

As at 31 December 2022, the determination of impairment and provisions for credit losses includes the possible impact of climate risks as taken into account in the assessment of individual risks and sectoral risks whenever it is compatible with the provisioning horizon. The impact of Societe Generale's commitments in favour of energy and environmental transition and the development of the territories are still taken into account in the budget trajectories used to assess the recoverability of the differed tax assets.

5. Crises: Covid-19, war in Ukraine and economic consequences

The lifting of the Covid-19-related restrictions in several major economies has supported economic activity even if the lockdowns in Mainland China have hampered it.

However, 2022 has been marked by the war in Ukraine. The conflict, with its loss of human life and the suffering caused, has significant economic costs and is accompanied with a very high degree of uncertainty.

In the euro area, the supply difficulties, the increase in energy costs, the decline in purchasing power with high inflation and the tightening of economic policies are the main bottlenecks to growth. If pandemic-related risks have decreased significantly in the short-term, the strong uncertainties related to the war in Ukraine jeopardise these prospects and a pronounced slowdown is anticipated in 2023.

In this context, Societe Generale has updated the macroeconomic scenarios selected to prepare its statutory statements as at 31 December 2022 and has also continued applying certain adjustments to its models to take account of the uncertainties related to the war in Ukraine and the aftermath of the Covid-19 pandemic. In particular, Societe Generale uses macro-economic scenarios in its measurement models for credit risk impairment and provisions (see Note 2.6) and in tests regarding deferred tax assets recovery (see Note 5).

MACRO-ECONOMIC SCENARIOS AND WEIGHTING

As at 31 December 2022, Societe Generale has selected three scenarios to factor in the uncertainties relating to the war in Ukraine, the ongoing Covid-19 pandemic and the current macro-economic context. The SG Extended scenario, drafted specifically in the context of the sanitary crisis, has become obsolete owing to the management and evolution of the crisis during 2022.

The assumptions selected to draw up the scenarios are listed below:

- the central scenario (SG Central), weighted at 60%, predicts a sharp economic slowdown in 2023, and only a modest rebound in growth in 2024. In 2023, inflation will remain high, close to 5.5% before dropping below 3% in 2024 and returning to target in the mid-term. The ECB will continue tightening its monetary policy in the short term, but a possible easing might start at the end of 2023. The weighting applied to the Central scenario is increased to 60% as at 31 December 2022 (50% as at 31 December 2021) in conjunction with the removal of the SG Extended scenario;
- the favourable scenario (SG Favourable), weighted at 10%, describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions (situation observed in several economies in 2021/2022 following releases from lockdowns). In both cases, stronger growth has a positive impact on employment and/or the profitability of companies;
- the stressed scenario (SG Stress), weighted at 30%, corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, Euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Economic and Sector Research Department of Societe Generale based, in particular, on information published by statistical institutes. Forecasts from institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serves as a reference to ensure the consistency and relevance of the scenarios thus constructed.

COVID-19 CRISIS: STATE GUARANTEED LOANS (PGE)

Until 30 June 2022, Societe Generale offered to its crisis-impacted customers (professionals and corporate customers) the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins). With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans come with a one-year repayment exemption. At the end of that year, the customer may either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French *Ministre de l'Économie, des Finances et de la Relance* on 14 January 2021) without extending the total duration of the loan.

The remuneration conditions of the guarantee are set by the State and are applicable by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (*i.e.*, between 10% and 30% of the loan depending on the size of the borrowing company). This share of the guarantee premium kept by the bank is assimilated to interest income.

These State Guaranteed Loan facilities (*PGE*) have been recorded among Customer loans. The share of the guarantee premium received from the borrowers and kept by the bank to compensate the share of risk not guaranteed by the French State is spread and recognised over the effective lifetime of the loans in net income amongst Interest and similar income, along with the recording of the contractual interest.

Provisions and impairment for credit risk recognised for the State Guaranteed Loan facilities take into account the impact of the French State guarantee. The models for calculating impairment and provisions for credit risk also take into account the probabilities of exercise of the extension options, the share of the loan not guaranteed by the State as well as the waiting period before enforcement of the guarantee.

At 31 December 2022, the State Guaranteed Loan outstanding represents some EUR 7.8 billion (including EUR 2.07 billion of underperforming loans and EUR 1.01 billion of doubtful loans). The amount of credit risk impairment and provisions recorded as at 31 December 2022 related to these State Guaranteed Loan facilities represent approximately EUR 108 million (including EUR 43 million of underperforming loans and EUR 54 million of doubtful loans), without predominance of a specific sector.

Based on the scenarios presented above, and after taking into account methodological adjustments and support measures, the cost of risk for the financial year 2022 represents a net loss of EUR 599 million, increasing by EUR 492 million compared to the 2021 financial year.

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their *PGE* repayment deadlines from 6 to 10 years; these extensions have not had any significant impact on the financial statements of Societe Generale as at 31 December 2022.

CONSEQUENCES OF THE WAR IN UKRAINE

Societe Generale announced the termination of its banking activities in Russia in April 2022 and sold its Rosbank subsidiary in May 2022. The impact of this sale on the financial statements of Societe Generale are described in Note 2.1.

Outside Russia, Societe Generale holds Russian counterparty credit exposures (EUR 1.1 billion). As a result of an assessment of the changes in these credit exposures, Societe Generale has classify them as “underperforming loans” or “doubtful loans” when necessary (see Note 2.6.2).

6. Merger of the retail banking network with Crédit du Nord

Societe Generale had announced on 7 December 2020 its project to merge the retail banking networks of Societe Generale and Crédit du Nord to form a new network (Vision 2025 project). The project detailing the organisation planned for the New Retail Bank in France was presented by Societe Generale to its staff representative bodies during the fourth quarter of 2021.

In the course of 2022, the bank finalised the preparation of the legal merger of Societe Generale and Crédit du Nord, which is effective since 1 January 2023. After the merger, all the subsidiaries held by Crédit du Nord will be merged within Societe Generale. In the context of these mergers, the differences between the net assets absorbed and the book value of the derecognised investments in subsidiaries will lead to the recognition in Societe Generale’s accounts of a merger bonus of approximately EUR 2.8 billion (i.e., a positive difference recognised in profit or loss for the share of retained earning accumulated by the absorbed entity and, in equity for the residual amount).

7. Acquisition of LeasePlan by ALD

On 6 January 2022, Societe Generale announced the signing by Societe Generale and ALD of two separate Memoranda of Understanding providing for the acquisition by ALD of 100% of the capital of LeasePlan. Completion is expected during the first half of 2023, notably subject to receiving the remaining regulatory approvals and to the performance of other standard conditions precedent.

The purchase of LeasePlan, for a total amount of EUR 4.5 billion, would be financed through a combination of cash and shares.

As part of this acquisition, ALD announced the successful completion on 16 December 2022 of a capital increase with shareholders’ preferential subscription rights (“Rights Issue”) for an amount of approximately EUR 1.2 billion. Before this capital increase, Societe Generale held 79.8% of ALD’s share capital. In line with its commitment to remain ALD’s long-term majority shareholder, Societe Generale subscribed for an amount of approximately EUR 803 million of new shares representing approximately 66.3% of the capital increase, following which it holds approximately 75.9% of the ALD’s share capital following settlement-delivery.

Accordingly, upon closing of the acquisition of LeasePlan, Societe Generale would remain majority shareholder of ALD with a shareholding of 52.6%. This shareholding may be brought down to 51% in case of exercise of the warrants attached to the shares which would be awarded to LeasePlan’s shareholders to allow them to increase their pro forma shareholding up to 32.9% of ALD’s share capital.

NOTE 2 FINANCIAL INSTRUMENTS

NOTE 2.1 Securities portfolio

ACCOUNTING PRINCIPLES

Securities are classified according to:

- their type: government securities (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

The classification and valuation rules applied for each portfolio category are as follows and the impairment rules applied are described in Note 2.6.5.

Trading securities

Trading securities are securities acquired or incurred with the intention of selling or repurchasing them in the near term or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects actual and regularly occurring market transactions on an arm's length basis. Trading securities also include the securities covered by a sale commitment in the context of an arbitrage on a regulated market or similar, and the securities purchased or sold as part of the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at acquisition price, excluding acquisition expenses.

They are marked to market at the end of the financial year.

The net unrealised gains or losses thus recognised, together with the net gains or losses on disposals, are recorded on the income statement under "Net income" from the trading portfolio, or, from short-term investment securities. The coupons received on the fixed-income securities in the trading portfolio are recorded on the income statement under "Net interest income" from bonds, or other debt securities.

The trading securities that are no longer held with the intention of selling them in the near term, or no longer held for the purpose of market-making activities, or held as part of the specialised management of a trading portfolio for which there is no longer evidence of a recent pattern of short-term profit-taking, may be reclassified into the Short-term investment securities category or into the Long-term investment securities category if:

- exceptional market situations generate a change in holding strategy; or
- if debt securities become no longer negotiable in an active market after their acquisition, and Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are recorded in their new category at their fair market value on the date of reclassification.

Long-term investment securities

Long-term investment securities are debt securities acquired or reclassified from Trading securities and Short-term investment securities which Societe Generale intends and has the capacity to hold until maturity.

Societe Generale must therefore have, in particular, the necessary financing capacity to continue holding these securities until their expiry date. These long-term investment securities shall not be subject to any legal or other form of constraint that might call into question its intention to hold it until maturity.

Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market). These reclassified securities are identified within the long-term investment securities portfolio.

Societe Generale may have to dispose of long-term investment securities or transfer them to another accounting category only in the specific following cases:

- the sale or transfer is made at a date close to the maturity of the security; or
- the sale or transfer is due to an isolated event independent of Societe Generale control.

These instruments may be designated as hedged items when forward financial instruments are used to hedge interest rate risk on identifiable items or groups of similar items.

Long-term investments securities are recorded in the balance sheet at their purchase cost excluding acquisition expenses.

Affiliates, investments in related parties and other long-term securities

This category of securities covers on the one hand affiliates and investments in related parties, when it is deemed useful to Societe Generale's business to hold said shares in the long term. This notably covers the investments that meet the following criteria:

- shares in fully integrated companies or issued by companies accounted for using the equity method;
- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the Company whose shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the Group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes the other long-term securities. These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Affiliates, investments in related parties and other long-term securities are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is recognised in the income statement under "Dividend income".

Short-term investment securities

Short-term investment securities are all the securities that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

SHARES AND OTHER EQUITY SECURITIES

Equity securities are initially recognised on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. Only the unrealised losses are recorded with the recognition of a depreciation of the securities portfolio. Income from these securities is recorded in Dividend income.

BONDS AND OTHER DEBT SECURITIES

These securities are initially recognised on the balance sheet at cost excluding the acquisition expenses, and excluding interest accrued not due at the date of purchase. The positive or negative differences between the cost and redemption values are recognised as premiums (if positive) or discounts (if negative) in the income statement over the life of the securities concerned and spread using the actuarial method. The accrued interest on bonds and other short-term investment securities is recorded as related receivables with a counterpart entry under "Interest and similar income" in the income statement.

Short-term investment securities may be reclassified into Long-term investment securities category provided that:

- exceptional market situations generate a change in holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and if Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

NOTE 2.1.1 TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	31.12.2022				31.12.2021			
(In EURm)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(1)	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(2)	Total
Trading securities	**32,051**	**74,610**	**42,851**	**149,512**	**26,742**	**109,347**	**51,139**	**187,228**
Short-term investment securities	**19,747**	**197**	**13,119**	**33,063**	**20,106**	**190**	**10,153**	**30,449**
Gross book value	20,260	217	13,193	33,670	20,175	209	10,410	30,794
Impairment	(513)	(20)	(74)	(607)	(69)	(19)	(257)	(345)
Long-term investment securities	**53**	**-**	**53,475**	**53,528**	**56**	**-**	**43,321**	**43,377**
Gross book value	53	-	53,475	53,528	56	-	43,321	43,377
Impairment	-	-	-	-	-	-	-	-
Related receivables	95	26	162	283	88	92	9	189
TOTAL	**51,946**	**74,833**	**109,607**	**236,386**	**46,992**	**109,629**	**104,622**	**261,243**

(1) As at 31 December 2022, the amount of bonds and other debt securities includes EUR 1,454 million of securities issued by public organizations.
(2) As at 31 December 2021, the amount of bonds and other debt securities includes EUR 1,351 million of securities issued by public organizations.

ADDITIONAL INFORMATION ON SECURITIES

(In EURm)	31.12.2022	31.12.2021
Estimated market value of short-term investment securities		
Unrealised capital gains[1]	104	1,008
Estimated value of long-term investment securites		
Premiums and discounts relating to short-term and long-term investment securities	292	143
Investments in mutual funds:	15,310	17,888
■ French mutual funds	8,527	9,045
■ Foreign mutual funds	6,783	8,843
of which mutual funds which reinvest all their income	*5*	*4*
Listed securities[2]	361,737	360,427
Subordinated securities	110	110
Securities lent	71,453	62,158

(1) The amount does not include unrealised gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.
(2) As at 31 December 2022, the amount of listed trading securities is EUR 274,544 million (285,452 million as at 31 December 2021).

NOTE 2.1.2 AFFILIATES, INVESTMENTS IN RELATED PARTIES AND OTHER LONG-TERM SECURITIES

AFFILIATES AND OTHER LONG TERM SECURITIES

(In EURm)	31.12.2022	31.12.2021
Banks	332	346
Others	585	670
Affiliates and other long-term securities before impairment	**917**	**1,016**
Impairment	(105)	(73)
TOTAL	**812**	**943**

The main changes are related to the inclusion in the consolidation perimeter during the year of Societe Generale Mauritanie, Societe Generale Ventures and Transactis entities requiring their reclassification from the category "Affiliates and other long term securities" to "Investments in related parties" for EUR -95 million.

INVESTMENTS IN RELATED PARTIES

(In EURm)	31.12.2022	31.12.2021
Banks	**8,843**	**11,905**
Listed	1,862	5,355
Unlisted	6,981	6,550
Others	**16,487**	**15,652**
Listed	1,948	1,156
Unlisted	14,539	14,496
Investments in related parties before impairment	**25,330**	**27,557**
Impairment	(3,142)	(3,707)
TOTAL	**22,188**	**23,850**

All transactions with the related parties were concluded under normal market conditions.

On 18 May 2022, Societe Generale announced the completion of the disposal of Rosbank.

A loss on derecognition of EUR -3,401 million was recognised in the income statement for the period in consideration of the disposal of all Rosbank shares with a gross book value of EUR 3,497 million and the price paid by the buyer.

The loss on disposal was recorded:

- on the section "*Net income from long-term investments*" for EUR -2,686 million before tax (see Note 2.1.6 - Net income from long-term investments); and
- on the section *"Net income from foreign exchange transactions"* for EUR -714 million (foreign exchange loss recognized at the date of disposal on the position of securities denominated in foreign currencies).

This loss on disposal was partly offset by the recovery of the impairment previously recognised on the Rosbank shares, recorded under the section "*Net income from long-term investments*" for EUR +859 million.

The other main changes are:

- the capital increase of ALD with preferential subscription rights: EUR +791 million;
- the capital increase of Boursorama SA: EUR +400 million;
- the entry in the consolidation perimeter of Societe Generale Mauritanie, Societe Generale Ventures and Transactis during the year: reclassification from the category "Affiliates and other long term securities" to "Investments in related parties" for EUR +95 million;
- the full acquisition of Parel shares held by Genefinance and Sogeparts: EUR +61 million;
- the capital increases of Shine: EUR +38 million;
- the capital decrease of Sogemarche: EUR -40 million.

The main changes in the impairment are as follow:

- the impairment of Societe Generale Securities Services SPA: EUR -251 million;
- the impairment of Banco Societe Generale Brasil: EUR -30 million.

NOTE 2.1.3 TREASURY STOCK

ACCOUNTING PRINCIPLES

Societe Generale's shares acquired for allocation to employees are recorded as Short-term investment securities and presented under "Treasury stock" on the assets side of the balance sheet.

Societe Generale's shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded as Trading securities and presented under "Treasury stock" on the assets side of the balance sheet.

Societe Generale's shares acquired with the intend to cancel them are recorded as Long-term equity investments and presented under "Treasury stock" on the assets side of the balance sheet.

	31.12.2022			31.12.2021		
(In EURm)	Quantity	Book value(2)	Market value	Quantity	Book value(2)	Market value
Trading securities(1)	282,892	7	7	47,777	2	2
Short-term investment securities	7,061,203	209	166	5,962,006	160	180
Long-term equity investments(3)	41,674,813	914	979	16,247,062	468	491
TOTAL	**49,018,908**	**1,130**	**1,151**	**22,256,845**	**630**	**673**

Nominal value: EUR 1.25.
Market value per share: EUR 23.48 as at 31 December 2022.

(1) *Societe Generale set up on 22 August 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share. Following the implementation of the Societe Generale 2022 share buyback program, the liquidity contract was suspended and as of 31 December 2022 no Societe Generale shares were held under this contract.*
(2) *The accounting value is assessed according to the notice of the CNC N° 2008-17 approved on 6 November 2008 concerning stock-options and bonus issues of shares.*
(3) *As at 31 December 2022, 41,674,813 Societe Generale shares were purchased on the market at a cost price of EUR 914 million, for the purpose of cancellation. The capital reduction by cancellation of shares was carried out on 1 February 2023. At 31 December 2021, 16,247,062 Societe Generale shares were purchased on the market at a cost price of EUR 468 million, for the purpose of cancellation on 1 February 2022 in accordance with the decision of the General Meeting of 19 May 2021.*

NOTE 2.1.4 DIVIDEND INCOME

(In EURm)	2022	2021
Dividends from shares and other equity securities	17	23
Dividends from affiliates and other long-term securities	2,799	1,892
TOTAL	**2,816**	**1,915**

Dividends received from investments in the trading portfolio have been classified under *"Net income from the trading portfolio and short-term investment securities"*.

The amount of dividends on affiliates and other long-term securities received in respect of the 2022 financial year returns to a pre-crisis level linked to the Covid-19 pandemic.

NOTE 2.1.5 NET INCOME FROM THE TRADING PORTFOLIO AND SHORT-TERM INVESTMENT SECURITIES

(In EURm)	2022	2021
Net income from the trading portfolio:	**6,176**	**4,428**
Net income from operations on trading securities[1]	(11,130)	27,074
Net income from forward financial instruments	18,538	(23,197)
Net income from foreign exchange transactions	(1,232)	551
Net income from short-term investment securities:	**(190)**	**533**
Gains on sale	500	603
Losses on sale	(427)	(59)
Allocation of impairment	(531)	(39)
Reversal of impairment	268	28
TOTAL	**5,986**	**4,961**

(1) Of which EUR 1,631 million of received dividends on trading portfolio.

NOTE 2.1.6 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

This item includes capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in subsidiaries and affiliates, long-term investment securities.

	2022	2021
Long-term investment securities	**-**	**(9)**
Net capital gains (or losses) on sale	-	(9)
Net allocation to impairment	-	-
Investments in subsidiaries and affiliates	**(2,093)**	**589**
Gains on sale[1]	59	557
Losses on sale[1]	(2,686)	-
Allocation to impairment[2]	(356)	(23)
Reversal of impairment[2]	890	55
Subsidies granted to affiliates (subsidiaries)	-	-
Net income from long term investment (see Note 7.2)	14	81
TOTAL	**(2,079)**	**661**

(1) As at 31 December 2022, the main sale is related to the full disposal of Rosbank for EUR -2,686 million (excluding currency effect).
(2) Allocations and write-backs mainly concern subsidiaries (See Note 2.1.2 - Investments in subsidiaries).

NOTE 2.2 Transactions on forward financial instruments

ACCOUNTING PRINCIPLES

Transactions on forward financial instruments on interest rates, foreign exchange rates or equities are used for trading or hedging purposes.

Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of current transactions and does not reflect the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expense on these forward financial instruments depends on the purpose of the transaction, as follows.

hedging transactions

Income and expense on forward financial instruments used as hedge assigned from the beginning to an identifiable item or group of similar items are recognised in the income statement symmetrically to the income and expense on the hedged items. Income and expense on interest rate instruments are recorded as net interest income in the same interest income or expense account as the items hedged. Income and expense on other instruments such as equity instruments, stock market indexes or currencies are recognized under “Net income” from short-term investment securities.

Income and expense on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument under “Net income” from the trading portfolio.

Market transactions

Market transactions include:

- the instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets;
- some debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks.

These transactions are measured at their market value as at the closing date. When financial instruments are not quoted in an active market, this value is generally determined based on internal models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated based on the size of the exposure and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due its size;
- an adjustment for the reduced liquidity of the instruments and for model risk in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, these valuations also take into account counterparty risk and the present value of the future management fees.

The corresponding gains or losses are directly recognised as income or expense for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as Net income from the trading portfolio.

The gains or losses corresponding to the contracts concluded as part of the cash management activities managed by the trading room in order to benefit from any interest rate fluctuations, are recorded when these contracts are settled or *prorata temporis* over the life of the contracts, depending on the type of instrument. Any unrealised losses are provisioned at year-end and the corresponding amounts are recorded under “Net income” from the trading portfolio.

NOTE 2.2.1 FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(In EURm)	Fair Value Trading transactions	Hedging transactions	Total at 31.12.2022	Total at 31.12.2021
Firm transactions	**12,143,737**	**18,201**	**12,161,938**	**12,133,297**
Transactions on organised markets	3,036,343	96	3,036,439	3,051,645
Interest rate futures	*776,802*	-	*776,802*	*763,728*
Foreign exchange futures	*1,932,872*	-	*1,932,872*	*1,946,901*
Other futures contracts	*326,669*	*96*	*326,765*	*341,016*
OTC agreements	9,107,394	18,105	9,125,499	9,081,652
Interest rate swaps	*7,151,923*	*17,913*	*7,169,836*	*7,747,976*
Currency financing swaps	*1,143,875*	*192*	*1,144,067*	*940,558*
Forward Rate Agreements (FRA)	*787,632*	-	*787,632*	*366,517*
Other	*23,964*	-	*23,964*	*26,601*
Optional transactions	**3,687,286**	**202**	**3,687,488**	**3,708,609**
Interest rate options	1,781,146	-	1,781,146	1,675,125
Foreign exchange options	565,644	202	565,846	670,182
Equity and index options	1,096,715	-	1,096,715	1,315,274
Other options	243,781	-	243,781	48,028
TOTAL	**15,831,023**	**18,403**	**15,849,426**	**15,841,906**

NOTE 2.2.2 FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In EURm)	31.12.2022	31.12.2021
Firm transactions	**(5,079)**	**1,688**
Transactions on organised markets	(14)	38
Interest rate futures	-	-
Foreign exchange futures	-	-
Other forward contracts	*(14)*	*38*
OTC agreements	(5,065)	1,650
Interest rate swaps	*(5,165)*	*1,738*
Currency financing swaps	*100*	*(88)*
Forward Rate Agreements (FRA)	-	-
Other	-	-
Optional transactions	**-**	**-**
TOTAL	**(5,079)**	**1,688**

NOTE 2.2.3 MATURITIES OF FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Firm transactions	**2,183,240**	**3,058,972**	**3,311,553**	**3,608,173**	**12,161,938**
Transactions on organised markets	1,300,512	911,936	280,116	543,875	3,036,439
OTC agreements	882,728	2,147,036	3,031,437	3,064,298	9,125,499
Optional transactions	**730,230**	**798,515**	**1,187,135**	**971,608**	**3,687,488**
TOTAL	**2,913,470**	**3,857,487**	**4,498,688**	**4,579,781**	**15,849,426**

NOTE 2.3 Loans and receivables

ACCOUNTING PRINCIPLES

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits for credit institutions, commercial loans, overdrafts and other loans to customers. They also include the securities purchased from banks or customers under resale agreements, and the loans secured by notes and securities.

Only the amounts due and customer loans that meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the bank to combine the accounts and exercise the right of offset.

The interest accrued on these receivables is recorded as Related receivables and recognised in the income statement under “Interest income and expenses”.

The fees and commissions received, and the incremental transaction costs related to the granting of a loan (finder’s and handling fees) are comparable to interest and spread over the effective life of the loan.

The loan commitments recorded on the off-balance sheet reflect transactions that have not yet resulted in cash flows, such as the irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

If a commitment bears a proven credit risk that makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty’s commitment in accordance with the original terms of the contract, the corresponding outstanding loan is classified as a doubtful loan, despite the existence of a guarantee. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or if, regardless of any missed payments, it can be assumed that there is a proven risk, or if legal proceedings have been started.

If a loan to a given debtor is classified as doubtful, all the outstanding loans and commitments to that debtor are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Impairment for unrealised losses and for doubtful loans is recorded for the amount of probable loss (see Note 2.6).

Restructuring of loans and receivables

When an asset recorded under “Due from banks” or “Customer loans” is restructured, contractual changes that would not have been considered in other circumstances are made to the amount, term or financial conditions of the initial transaction approved by Societe Generale, due to the financial difficulties or insolvency of the borrower (whether this insolvency is proven or will definitely occur unless the debt is restructured). The restructured financial assets are classified as impaired and the borrowers are considered to be in default.

These classifications are maintained for at least one year and for as long as some uncertainty remains for Societe Generale as to the borrowers’ ability to meet their commitments. At the restructuring date, the carrying amount of the restructured financial asset is decreased to the present amount of the estimated new future recoverable cash flows discounted using the initial effective interest rate. This loss is booked in the income statement under “Cost of risk”. The restructured financial assets do not include the loans and receivables subject to commercial renegotiations.

Loans and receivables may be subject to commercial renegotiations provided that the borrowing customer is not experiencing financial difficulties and is not insolvent. Such transactions thus involve customers whose debt Societe Generale is willing to renegotiate in the interest of maintaining or developing a commercial relationship, in accordance with the credit granting rules, and without relinquishing any principal or accrued interest.

These renegotiated loans and receivables are derecognised as at the renegotiation date and replaced as at the same date on the balance sheet by the new loans, contractualised under the renegotiated conditions. These new loans are subsequently measured at amortised cost, based on the effective interest rate arising from the new contractual conditions and taking into account the renegotiation fees billed to the customer.

NOTE 2.3.1 DUE FROM BANKS

(In EURm)	31.12.2022	31.12.2021
Demand deposits and loans	**5,448**	**7,382**
Current accounts	4,571	6,744
Overnight deposits and loans	877	638
Loans secured by notes-overnight	-	-
Term accounts and loans	**211,336**	**179,824**
Term deposits and loans	94,231	83,369
Securities purchased under resale agreements	115,479	94,713
Subordinated and participating loans	989	1,192
Loans secured by notes and securities	-	-
Related receivables	637	550
Due from banks before impairment	**216,784**	**187,206**
Impairment	(34)	(21)
TOTAL[(1)(2)]	**216,750**	**187,185**

(1) As at 31 December 2022 doubtful loans amounted to EUR 64 million (of which EUR 27 million were non-performing loans) against EUR 45 million (of which EUR 17 million were non-performing loans) as at 31 December 2021.

(2) Including amounts receivable from subsidiaries: EUR 92,322 million as at 31 December 2022 against EUR 83,462 million as at 31 December 2021.

NOTE 2.3.2 CUSTOMER LOANS

(In EURm)	31.12.2022	31.12.2021
Overdrafts	46,774	31,581
Discount of trade notes	1,432	1,407
Other loans[(1)(2)(3)]	315,535	309,556
Loans secured by notes and securities	246	204
Securities purchased under resale agreements	132,082	102,909
Related receivables	1,585	1,057
Customer loans before impairment	**497,654**	**446,714**
Impairment	(2,012)	(2,357)
TOTAL[(4)(5)]	**495,642**	**444,357**

(1) Including pledged loan: EUR 89,132 million (EUR 86,822 million as at 31 December 2021) of which amounts eligible for refinancing with Banque de France: EUR 8,529 million as at 31 December 2022 (EUR 7,312 million as at 31 December 2021).

(2) Of which participating loans: EUR 2,241 million as at 31 December 2022 (EUR 2,097 million as at 31 December 2021).

(3) As at 31 December 2022 doubtful loans amounted to EUR 5,517 million (of which EUR 2,097 million were non-performing loans) against EUR 5,726 million (of which EUR 2,166 million were non-performing loans) as at 31 December 2021.

(4) Of which amounts receivable from subsidiaries: EUR 136,988 million as at 31 December 2022 (EUR 113,524 million as at 31 December 2021).

(5) Including restructured loans: EUR 4,138 million as at 31 December 2022 (EUR 5,090 million as at 31 December 2021.

The detail of other loans is composed of:

(In EURm)	31.12.2022	31.12.2021
Short-term loans	98,733	91,362
Export loans	12,920	12,383
Equipment loans	51,669	51,400
Housing loans	72,512	76,479
Lease financing agreements	-	-
Other loans	79,701	77,932
TOTAL	**315,535**	**309,556**

NOTE 2.3.3 COMMITMENTS GRANTED

(In EURm)	31.12.2022	31.12.2021
Loan commitments	**306,565**	**249,393**
To banks	84,295	61,178
To customers	222,270	188,215
Guarantee commitments	**233,347**	**221,912**
On behalf of banks	110,203	117,685
On behalf of customers	123,144	104,227

Commitments granted to subsidiaries are those granted to related parties for EUR 85,489 million as at 31 December 2022 (EUR 69,796 million as at 31 December 2021).

NOTE 2.3.4 SECURITISATION

ACCOUNTING PRINCIPLES

Loans and receivables transferred by Societe Generale to a securitisation undertaking (securitisation fund, securitisation vehicle or equivalent foreign undertaking) are derecognised and the gain or loss on sale calculated as the difference between the selling price and the carrying amount of the transferred loans or receivables is recognised in profit or loss.

If the transfer agreement contains an overcollateralisation clause, Societe Generale records on the assets side of its balance sheet, among the loans and receivables, a receivable for the part of the amount of transferred loans and receivables exceeding the selling price.

Ordinary units issued by a gaining securitisation undertaking and acquired or subscribed by Societe Generale are recorded as trading securities or as short-term investment securities according to their purpose.

Specific units, subordinated units and other financial instruments issued by the gaining securitisation undertaking and acquired or subscribed by Societe Generale as collateral for the benefit of the undertaking are recorded as short-term investment securities (see Note 2.1).

If Societe Generale makes a cash security deposit with the gaining securitisation undertaking to bear the losses resulting from the default of debtors of the loans and receivables transferred, it records such deposit on the assets side of its balance sheet under “Accruals”, other accounts receivable and other assets as a receivable from the securitisation undertaking, provided that the possible balance of the deposit will be allocated to it upon the liquidation of the securitisation undertaking.

If the guarantee granted by Societe Generale takes the form of a commitment by signature, it is recorded in the off-balance sheet as a guarantee commitment granted to customers or to banks, as the case may be.

In 2017, Societe Generale proceeded to a securitisation in order to substitute in the assets, eligible bonds as the Eurosystem refinancing guaranty for housing loans. The bonds are presented in the assets on the balance sheet within the investment portfolio for an amount of EUR 4,382 million as at 31 December 2021.

On 27 January 2022, Societe Generale ended the securitisation by the buy back of the entire portfolio of the housing loans, the simultaneous repayment of the bonds and the liquidation of the fund. These operations have had no significant impact on the bank’s net income.

On 24 February 2022, Societe Generale has proceeded to a new similar securitisation operation. For this purpose, Societe Generale has transferred EUR 10,625 million housing loans to a securitisation mutual fund. To capitalise the acquisition, the fund has issued bonds which were fully subscribed by Societe Generale. The bonds are presented in the assets on the balance sheet for an amount of EUR 9,460 million as at 31 December 2022 as a result of the underlying housing loans amortisation.

On 27 January 2023, a bond buyback was carried out as part of this securitisation operation for an amount of EUR 3,410 million.

NOTE 2.4 Debts

ACCOUNTING PRINCIPLES

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand debt (demand deposits, current accounts) and term deposits due to banks, regulated savings accounts and other deposits due to customers. They also include the securities sold to banks and customers under repurchase agreements.

The interest accrued on these deposits is recorded as related payables with a counterpart entry in the income statement.

NOTE 2.4.1 DUE TO BANKS

(In EURm)	31.12.2022	31.12.2021
Demand deposits	**24,327**	**26,404**
Demand deposits and current accounts	24,327	26,404
Borrowings secured by notes - overnight	-	-
Term deposits	**212,249**	**194,509**
Term deposits and borrowings	212,249	194,509
Borrowings secured by notes and securities	-	-
Related payables	**732**	**288**
Securities sold under repurchase agreements	**103,440**	**92,810**
TOTAL	**340,748**	**314,011**

Related parties payables amount to EUR 125,274 million as at 31 December 2022 (EUR 107,154 million as at 31 December 2021).

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations – (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As with the two previous mechanisms, the level of remuneration of these borrowings depends on the performance of the borrowing banking institutions in granting credit facilities to their household customers (excl. real estate loans) and business customers (excl. financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and a temporary additional bonus applicable for the period from 24 June 2020 to 23 June 2021 (decrease by 50 basis points in the average interest rate of the deposit facility with a floor at -1%). These TLTRO III have been performed on a quarterly basis from September 2019 and December 2021, for a total of 10 potential draws. Each operation has a three-year term, with an early repayment option. Certain conditions have been modified in March 2020, in particular the loan production targets, interest rate conditions and drawdown limit, in order to further strengthen the support to credit granting at the time at the start of the Covid-19 crisis. In January 2021, the ECB decided to renew the temporary additional bonus for the period from 24 June 2021 to 23 June 2022 subject to the credit granting performance observed during a new reference period from 1 October 2020 to 31 December 2021.

Societe Generale subscribed to TLTRO III through quarterly drawdowns staggered between December 2019 and December 2021. The residual amount of TLTRO borrowings recognised as liabilities on the balance sheet is EUR 41.4 billion as at 31 December 2022, as a result of the EUR 19.2 billion repaid early during the fourth quarter 2022.

As at 31 December 2021, Societe Generale had already reached the objective of stability of the outstanding amount of eligible loans enabling it to benefit from the reduced interest rate as well as from two additional temporary bonuses applied respectively from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. As Societe Generale has no doubt that it will be able to benefit from the bonus rates provided for, the latter have been considered to determine the amount of interest recognised in the profit or loss for the TLTRO loans: this amount has been computed based on a weighted rate spreading the bonus over the expected life of the drawdowns concerned.

On 27 October 2022, the ECB modified the calculation method of the interest rate applying to the last period of TLTRO III. The effect of these changes resulted in an adjustment of the effective interest rate applied between 23 June 2022 to 22 November 2022 and the implementation of new calculation methods from 23 November 2022 (application of the mean of the average deposit facility rates (DFR) over the period).

As at 31 December 2022, the total cost of the TLTRO borrowings including interests and bonuses is between -0.34% and -0.89% depending on the draw dates. For the financial year 2022, the total amount of interests and bonuses on the TLTRO borrowings recorded as a deduction from Interest and similar expense amounts to EUR 314 million; this amount includes the bonuses on the borrowings repaid early (some EUR 32 million of negative interest income as at 31 December 2022).

NOTE 2.4.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2022	31.12.2021
Regulated savings accounts	**55,037**	**57,652**
Demand	38,607	40,179
Term	16,430	17,473
Other demand customer deposits	**181,535**	**166,133**
Businesses and sole proprietors	112,153	90,103
Individual customers	42,607	41,767
Financial customers	21,046	26,341
Others	5,729	7,922
Other term customer deposits	**196,530**	**174,497**
Businesses and sole proprietors	70,905	53,336
Individual customers	808	76
Financial customers	113,380	117,510
Others	11,437	3,575
Related payables	**1,119**	**384**
Securities sold to customers under repurchase agreements	**116,015**	**99,068**
TOTAL	**550,236**	**497,734**

Related parties due to customers amount EUR 137,465 million as at 31 December 2022 (EUR 113,509 million as at 31 December 2021).

NOTE 2.4.3 LIABILITIES IN THE FORM OF SECURITIES ISSUED

ACCOUNTING PRINCIPLES

The liabilities in the form of securities issued are classified by type of security: loan notes, interbank market certificates and negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under “Subordinated debt”.

The interest accrued is recorded as related payables with a counterpart entry in the income statement. Bond issuance and redemption premiums are amortised on a straight-line or actuarial basis over the life of the related borrowings. The resulting expense is recorded in the income statement under “Interest and similar expense”.

Bond issuance costs accrued over the period are all recorded as expenses for the period under “Interest and similar expense” in the income statement.

(In EURm)	31.12.2022	31.12.2021
Loan notes	-	-
Bond borrowings	-	-
Interbank market certificates and negotiable debt instruments	119,023	112,598
Related payables	590	439
TOTAL	**119,613**	**113,037**

Related parties payables amount for EUR 341 million as at 31 December 2022 (EUR 342 million as at 31 December 2021).

NOTE 2.4.4 COMMITMENTS RECEIVED

(In EURm)	31.12.2022	31.12.2021
Loan commitments received from banks	85,354	67,942
Guarantee commitments received from banks	62,807	64,927

Related parties commitments amount for EUR 10,517 million as at 31 December 2022 (EUR 13,096 million as at 31 December 2021).

NOTE 2.5 Interest income and expenses

ACCOUNTING PRINCIPLES

Interest income and expense are recognised in the income statement under "Interest and similar income" or "Interest and similar expense" for all the financial instruments measured at amortised cost using the effective interest rate method. The negative interest is deducted from the interest income and expense accounts related to these instruments.

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

When a financial asset or group of similar financial assets has been impaired following an impairment loss, the subsequent interest income is recorded based on the effective interest rate used to discount the future cash flows when measuring the impairment loss.

Moreover, except for those related to employee benefits, the provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate used to discount the expected outflow of resources.

	2022			2021		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**3,136**	**(3,143)**	**(7)**	**1,152**	**(1,096)**	**56**
Transactions with central banks, post office accounts and banks[1]	2,178	(1,934)	244	655	(660)	(5)
Securities sold under repurchase agreements and borrowings secured by notes and securities	958	(1,209)	(251)	497	(436)	61
Transactions with customers	**10,429**	**(7,127)**	**3,302**	**8,976**	**(5,162)**	**3,814**
Trade notes	16	-	16	13	-	13
Other customer loans	8,428	-	8,428	8,434	-	8,434
Overdrafts	479	-	479	222	-	222
Regulated savings accounts	-	(469)	(469)	-	(482)	(482)
Other customer deposits	-	(5,131)	(5,131)	-	(4,379)	(4,379)
Securities sold/bought under repurchase agreements and borrowings secured by notes and securities	1,506	(1,527)	(21)	307	(301)	6
Bonds and other debt securities	**2,401**	**(3,576)**	**(1,175)**	**2,662**	**(4,213)**	**(1,551)**
Other interest expenses and related income	**2,407**	**(3,318)**	**(911)**	**2,270**	**(3,033)**	**(763)**
TOTAL	**18,373**	**(17,164)**	**1,209**	**15,060**	**(13,504)**	**1,556**

(1) Negative interests on TLTRO borrowings are deducted from expenses under Transactions with central banks, post office accounts and banks. (see Note 2.4).

The detail of other customer loans is composed of:

(In EURm)	2022	2021
Short-term loans	2,364	1,233
Export loans	323	190
Equipment loans	935	851
Housing loans	1,097	1,149
Other customer loans	3,709	5,011
TOTAL	**8,428**	**8,434**

NOTE 2.6 Impairment and Provisions

NOTE 2.6.1 DETAILS OF THE PROVISIONS

ACCOUNTING PRINCIPLES

On the liabilities side of the balance sheet, the section entitled Provisions comprises provisions on credit risk, on commitments related to mortgage savings accounts/plans (CEL/PEL), on forward financial instruments, on employee benefits, on tax adjustments and on risks and expenses.

(In EURm)	Amount as at 31.12.2021	Allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2022
Provisions on credit risk (See Note 2.6.2.2)	1,594	1,134	(875)	11	1,864
Provision on commitments related to mortgage saving agreements (PEL/CEL) (See Note 2.6.2)	275	23	(190)	-	108
Provisions on forward financial instruments (See Note 2.6.3)	6,451	1,344	(2,888)	375	5,282
Provisions on employee benefits (See Note 4.2)	1,882	459	(617)	(7)	1,717
Provisions for tax adjustments (See Note 5.2)	52	-	(40)	-	12
Other provisions on risks and expenses*	996	476	(256)	6	1,222
TOTAL	**11,250**	**3,436**	**(4,866)**	**385**	**10,205**

* *including provisions for legal disputes, fines, penalties and commercial disputes.*

NOTE 2.6.2 IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

CRISES: WAR IN UKRAINE, COVID-19 CRISIS AND ECONOMIC CONSEQUENCES

To account for uncertainties related to the Covid-19 crisis, Societe Generale updated as at 31 December 2022 the model and post-model adjustments defined since the beginning of the health crisis, in keeping with 2021.

In 2022, Societe Generale revised the parameters used in the models based on the new macro-economic scenarios (see Note 1), taking account of the specific conditions created by the war in Ukraine.

The impact of these model and post-model adjustments on the determination of the impairment and provisions for credit risk are described hereafter.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE THE IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

In line with the adjustments made since the onset of the health crisis, Societe Generale has adjusted the GDP growth rates in its models to better reflect the impact of the economic scenarios on the impairment and provisions for credit risk: for each quarter of 2022, Societe Generale has used in its models the average change in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the three scenarios (*SG Favourable*, *SG Central* and *SG Stress*) for the GDP series used to model the impairment and provisions for credit risk. It has however not been retained to determine the GDP growth rates for 2023 to 2026.

Furthermore, owing to the degraded macro-economic conditions related to the war in Ukraine, all Russian counterparties have been classified as underperforming assets. A supplementary analysis has helped identify, among this population, the outstanding loans requiring transfer to doubtful loans. The impact of these transfers on the calculation of provisions and impairment for credit risk amounts to EUR 259 million as at 31 December 2022 (including EUR 73 million on the outstanding loans transferred to doubtful loans).

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

To better reflect the heightened credit risk on some portfolios or business sectors, Societe Generale updated the current adjustments to supplement the application of models such as sectoral adjustments and the adjustments used in the simplified models.

A qualitative analysis of the potential impact of climate risks on the determination of the impairment and provisions for credit risk has been integrated as part of the review of these adjustments, whenever compatible with the provisioning horizon. (see Note 1).

ADDITIONAL CRITERION OF TRANSFER TO UNDERPERFORMING LOANS

Lastly, Societe Generale has carried out an additional expert analysis on the outstanding loans portfolio for which the increase in credit risk has been deemed significant since their granting. This study has resulted in supplementary transfers to the underperforming loans category of all the loans granted before the crisis to sectors regarded by Societe Generale as particularly affected by said crisis.

NOTE 2.6.2.1 IMPAIRMENT FOR CREDIT RISK

ACCOUNTING PRINCIPLES

The value of impairment allowance for doubtful outstandings is equal to the difference between the gross carrying amount of the asset and the present value of the estimated future recoverable cash flows, taking into account any guarantees, discounted at the original effective interest rate. Furthermore, the amount of this impairment may not be less than the full amount of the interest not collected on the doubtful loan.

The effects of financial guarantees received to compensate losses on a portfolio of loans are recorded among assets impairment.

The impairment allowances, impairment reversals, losses on bad debts and recoveries of impaired debts are recognised under Cost of risk, along with write-backs of impairment linked to the passage of time.

Doubtful loans can be reclassified as performing loans once the proven credit risk has been definitively eliminated and regular payments have resumed according to the original terms of the contract. Similarly, the doubtful loans that have been restructured can be reclassified as performing loans. When a loan is restructured, any difference between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, is discounted at the original effective interest rate.

The amount deducted is recognised under Cost of risk. If the restructured loan is subsequently reclassified as a performing loan, this deduction is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, this loan is identified as a non-performing loan. A loan is classified as non-performing once the bank has formally demanded payment, or when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans that have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

(In EURm)	Amount as at 31.12.2021	Net cost of risk	Other income statement	Used Reversals	Change in scope and reclassifying	Amount as at 31.12.2022
Banks	21	13	-	-	-	34
Customer loans	2,357	166	-	(556)	45	2,012
Other	83	-	-	(1)	2	84
TOTAL(1)	**2,461**	**179**	**-**	**(557)**	**47**	**2,130**

(1) Of which impairment for non-performing loans: EUR 1,790 million.

NOTE 2.6.2.2 PROVISIONS FOR CREDIT RISK

ACCOUNTING PRINCIPLES

Provisions for off-balance sheet commitments (provisions for commitments by signature)

Provisions for off-balance sheet commitments represent the Societe Generale's probable losses incurred by Societe Generale following the identification of a proven credit risk on an off-balance sheet financing or guarantee commitment that would not be considered as a derivative instrument or designated as financial assets at fair value through profit or loss.

Collective provisions for credit risk

Without waiting for the incurred credit risk to individually affect one or more receivables or commitments and in order to provide a better information regarding its activity, a provision is recognised by Societe Generale for the amount of credit losses that are expected to incur on performing outstandings over the next year.

12-month expected credit losses are calculated taking into consideration past data and the current situation. Accordingly, the amount of impairment equals to the present value of the expected credit losses, taking into account the probability of a default event occurring within the next 12 months and if any, the impact of collateral called up or liable to be called up.

Moreover, identification, amongst homogeneous portfolios, of a significant deterioration of the credit risk leads to the recognition of a provision for the amount of credit losses that are expected to incur on those underperforming outstandings over the life of the exposures (lifetime expected credit loss).

Lifetime expected credit losses are calculated taking into consideration past data, the present situation and reasonable forecasts of changes in economic conditions and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is equal to the present value of the expected credit losses, taking into account the probability of a default event occurring through to maturity, and, if need be, the impact of collateral called up or liable to be called up.

Changes in collective provisions for credit risk are recorded under "Cost of risk".

<u>Comments related to the identification of the downgrading of credit risk:</u>

To identify the exposures covered by the collective provision for credit risk, Societe Generale determines whether or not there is a significant increase in credit risk based on the available historical and prospective information (behaviour scoring, loan to value indicators, macro-economic scenarios, etc).

The assessment of changes in credit risk takes account of the following criteria:

- 1st criterion: changes in the counterparty's credit rating (where it is the subject of an internal analysis) as well as the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty that may be a sign of deteriorating credit risk;
- 2nd criterion: changes in the default probability contract by contract, from origination date to closing date;
- 3rd criterion: the existence of amounts past due of more than 30 days.

As soon as one of these criteria is met, the relative contract is impaired as described before.

(In EURm)	Amount as at 31.12.2021	Net cost of risk	Change in scope and reclassifying	Amount as at 31.12.2022
Provisions for off-balance sheet commitments to banks	-	7	-	7
Provisions for off-balance sheet commitments to customers	167	(50)	2	119
Collective provisions for credit risk on performing loans	442	(9)	3	436
Collective provisions for credit risk on under performing loans	985	312	5	1,302
TOTAL	**1,594**	**260**	**10**	**1,864**

NOTE 2.6.2.3 COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk includes allocations, net of reversals, to provisions and to impairment for credit risk, the bad debt losses and the amount of recoveries on loans written off.

(In EURm)	2022	2021
Net allocations to impairment and provisions for receivable and off-balance sheet commitments	(438)	(61)
Losses not covered and amounts of recoveries on loans written off	(161)	(46)
TOTAL	**(599)**	**(107)**
of which gain on revaluation of currency hedge of provisions	*1*	*2*

NOTE 2.6.3 COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS/PLANS (CEL/PEL)

ACCOUNTING PRINCIPLES

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers under French Law 65-554 of 10th July 1965. These saving schemes combine an initial phase when deposits are made in specific interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans to the depositors, on regulated terms and conditions, both phases being inseparable. Both the savings deposits collected and the loans granted are recognised at amortised cost.

These instruments create two types of commitments for Societe Generale: the obligation to subsequently lend to the customer at an interest rate established at the inception of the savings agreement and the obligation to remunerate customer savings for an indeterminate future period at an interest rate also established at the inception of the mortgage savings agreement.

As if it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Company: a provision is recorded on the liabilities side of the balance sheet. Any change in these provisions is recognised as net banking income under "Net interest income". These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between the different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of historical observed past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable based on the amount of balance sheet deposits at the date of calculation on one side and on the historical observed past customer behaviour on the other.

A provision is recorded if the discounted value of the expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated based on the interest rates offered to individual customers for equivalent savings and loan instruments (with similar estimated life and date of inception).

OUTSTANDING DEPOSITS IN MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2022	31.12.2021
Mortgage savings plans (PEL)	**14,687**	**15,703**
Less than 4 years old	458	444
Between 4 and 10 years old	6,988	8,502
More than 10 years old	7,241	6,757
Mortgage savings accounts (CEL)	**1,248**	**1,198**
TOTAL	**15,935**	**16,901**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2022	31.12.2021
Less than 4 years old	-	0
Between 4 and 10 years old	1	2
More than 10 years old	4	7
TOTAL	**5**	**9**

PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2021	Allocations	Reversals	31.12.2022
Mortgage savings plans (PEL)	**262**	**1**	**(190)**	**73**
less than 4 years old	0	1	-	1
between 4 and 10 years old	34	-	(32)	2
more than 10 years old	228	-	(158)	70
Mortgage savings accounts (CEL)	**13**	**22**	**-**	**35**
TOTAL	**275**	**23**	**(190)**	**108**

The level of provisions is sensitive to the long-term interest rates. The provisions of PEL and CEL mortgage savings accounts are linked to the risks attached to the commitment to remunerate the deposits.

Since the long-term rates were increasing during 2022, the provisioning of PEL/CEL decreased. The provisioning for PEL/CEL savings amounted to 0.7% of the total outstandings as at the 31 December 2022.

METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the various market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the periods in question, in line with the Retail Banking Division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve on valuation date, averaged over a 12-month period.

NOTE 2.6.4 PROVISIONS FOR FORWARD FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

Provisions on forward financial instruments are related to the unrealised losses calculated on homogeneous sets of forward financial contracts recognised in the balance sheet as isolated open positions

They are determined as the difference between the market value estimated as at the balance sheet closing date and that determined as at the previous balance sheet closing date. They are recognised in the balance sheet as provisions for probable risks and expenses. The changes in provisions thus calculated are recorded in net income under "Net income" from the trading portfolio.

(In EURm)	Amount as at 31.12.2021	Net allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2022
Provisions for forward financial instruments	6,451	1,344	(2,888)	375	5,282

NOTE 2.6.5 IMPAIRMENT ON SECURITIES

ACCOUNTING PRINCIPLES

Short-term investment securities

SHARES AND OTHER EQUITY SECURITIES

At year-end, cost is compared to realisable value. For listed securities, the realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but an impairment of portfolio securities is recorded to cover unrealised capital losses, without this impairment being offset against any unrealised capital gains.

BONDS AND OTHER DEBT SECURITIES

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a impairment of portfolio securities is recorded to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of impairment for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under "Net income" from short-term investment securities in the income statement.

Long-term investment securities

At year-end, no impairment is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of impairment for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under "Net income" from long-term investments.

Affiliates, other long term securities and investments in related parties

At year-end, affiliates, other long-term securities and investments in related parties are valued at their value in use, namely the price the Company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability (based on the business plans defined by the entities), and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but an impairment on portfolio securities is recorded to cover unrealised capital losses. Allocations to and reversals of impairment as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under "Net income" from long-term investments.

(In EURm)	31.12.2022	31.12.2021
Short-term investment securities	607	345
Long-term investment securities	-	-
Affiliates and other long-term securities	195	73
Investments in related parties	3,142	3,707
TOTAL	**3,854**	**4,125**

NOTE 2.6.6 OTHER PROVISIONS FOR RISKS AND EXPENSES

ACCOUNTING PRINCIPLES

The other provisions for risks and expenses are defined as liabilities with no precisely defined amount or due date.

They are only recorded if the Company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to this third party, without compensation for at least an equivalent amount being expected from it.

Net allocations to provisions are classified by type of risk in the corresponding sections of the income statement.

A description of the risks and disputes is provided in the Risk Management Report.

Information on the nature and the amount of the risks involved is not disclosed if Societe Generale estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the subject matter of the provision.

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Societe Generale is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, Societe Generale and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of Societe Generale's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Societe Generale entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, Societe Generale assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgement and taking into account all information available when financial statements are prepared. In particular, Societe Generale takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court rulings already handed down, as well as its experience and the experiences of other companies dealing with similar cases (assuming that Societe Generale has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, Societe Generale carries out a detailed examination of pending disputes that present a significant risk. These disputes are described in the Note 8 "Information on risks and litigation".

NOTE 3 OTHER ACTIVITIES

NOTE 3.1 Net fees for services

ACCOUNTING PRINCIPLES

Societe Generale recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recorded as income over the lifetime of the service. Fees for one-off services, such as fees on movements of fund, finder's fees received, arbitrage fees, or non-payment penalties are fully recognised in income when the service is provided.

In syndication deals, the effective interest rate for the portion of the funding retained on the asset side of the Societe Generale balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded in income when the placement is legally complete.

	2022			2021		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	77	(38)	39	86	(43)	44
Transactions with customers	1,693	(33)	1,660	1,595	(27)	1,567
Securities transactions	453	(869)	(416)	449	(999)	(550)
Primary market transactions	55	-	55	103	-	103
Foreign exchange transactions and forward financial instruments	343	(470)	(127)	265	(408)	(143)
Loan and guarantee commitments	914	(554)	360	840	(401)	439
Services	1,785	-	1,785	1,594	-	1,594
Other	-	(424)	(424)	-	(291)	(291)
TOTAL	**5,320**	**(2,388)**	**2,932**	**4,932**	**(2,169)**	**2,763**

NOTE 3.2 Accruals, other assets and liabilities

NOTE 3.2.1 ACCRUALS, OTHER ACCOUNTS RECEIVABLES AND OTHER ASSETS

(In EURm)	31.12.2022	31.12.2021
Other assets	**130,051**	**136,990**
Guarantee deposits paid[1]	56,599	44,834
Miscellaneous receivables	2,578	3,157
Premiums on options purchased	69,484	87,172
Settlement accounts on securities transactions	1,282	1,709
Other	108	118
Accruals and similar	**58,764**	**40,757**
Prepaid expenses	523	406
Deferred taxes	2,969	3,073
Accrued income	1,828	1,183
Others[2]	53,444	36,095
Accruals, other accounts receivables and other assets before impairment	**188,815**	**177,747**
Impairment	(84)	(84)
TOTAL	**188,731**	**177,663**

(1) Mainly relates to guarantee deposits paid on financial instruments.
(2) Including derivative instruments valuation for EUR 44,005 million as at 31 December 2022 (EUR 24,238 million as at 31 December 2021).

NOTE 3.2.2 ACCRUALS, OTHER ACCOUNTS PAYABLES AND OTHER LIABILITIES

(In EURm)	31.12.2022	31.12.2021
Securities transactions	**75,213**	**69,128**
Amounts payable for borrowed securities	25,792	23,598
Other amounts due for securities	49,421	45,530
Other liabilities	**125,733**	**138,602**
Guarantee deposits received[(1)]	47,359	39,489
Miscellaneous payables	184	716
Premiums on options sold	76,100	96,277
Settlement accounts on securities transactions	1,806	1,948
Other securities transactions	19	16
Related payables	265	156
Accruals and similar	**35,579**	**26,821**
Accrued expenses	4,118	3,668
Deferred taxes	18	12
Deferred income	2,104	1,708
Other[(2)(3)]	29,339	21,433
TOTAL	**236,525**	**234,551**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Including derivative instruments valuation for EUR 14,081 million (EUR 9,781 million as at 31 December 2021).

BREAKDOWN OF AMOUNTS PAYABLE FOR BORROWED SECURITIES

(In EURm)	31.12.2022	31.12.2021
GROSS BOOK VALUE OF AMOUNTS PAYABLE FOR BORROWED SECURITIES	**200,349**	**184,969**
Borrowed securities from trading securities deducted from related payables[(1)]	**174,557**	**161,371**
Treasury notes and similar securities	123,136	111,953
Shares and other equity securities	41,410	32,986
Bonds and other debt securities	10,011	16,432
NET TOTAL	**25,792**	**23,598**

(1) Including re-lent securities for EUR 39,358 million as at 31 December 2022 (EUR 29,466 million as at 31 December 2021).

NOTE 4 EXPENSES AND EMPLOYEE BENEFITS

NOTE 4.1 Personnel expenses and remuneration of members of the Board of Directors and Chief Executive Officers

ACCOUNTING PRINCIPLES

The Personnel expenses include all expenses related to the staff, notably the cost of the legal employee profit-sharing as well as the cost of internal restructuring plans.

Short-term employee benefits are recorded under "Personnel expenses" during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 4.2; those related to share-based payments are described in Note 4.3.

NOTE 4.1.1 PERSONNEL EXPENSES

(In EURm)	2022	2021
Employee compensation	3,616	3,357
Social security benefits and payroll taxes	1,522	1,553
Employer contribution, profit sharing and incentives	222	219
TOTAL	**5,360**	**5,129**
Average staff(1)	**42,450**	**43,162**
In France	38,107	38,929
Outside France	4,343	4,233

(1) Average staff adjusted compared to financial statements published in 2021.

Analysis of employer contribution, profit sharing and incentives for the last five years:

(In EURm)	2022	2021	2020	2019	2018
Societe Generale	**220**	**219**	**71**	**168**	**223**
Profit sharing	12	15	6	11	11
Incentives	144	163	22	99	150
Employer contribution	64	41	43	58	62
Subsidiaries	**2**	**-**	**-**	**-**	**-**
TOTAL	**222**	**219**	**71**	**168**	**223**

NOTE 4.1.2 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2022 to the Company's directors amounted to EUR 1.7 million. The remuneration paid in 2022 to the senior management (Chairman of the Board, the Chief Executive Officer and his Deputies) amounted to EUR 6.6 million (including EUR 2.2 million of variable pay paid in cash or in shares for 2016, and 2018 to 2021 fiscal years and EUR 0.44 million of long-term incentives paid in cash or in shares for 2014, 2015 and 2017 fiscal years).

NOTE 4.2 Employee benefits

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled within twelve months of the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- other long-term employee benefits are employee benefits that are not expected to be fully settled within twelve months, such as deferred variable compensation paid in cash and not indexed, long service awards and time saving accounts;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Amount at 31.12.2021	Net allowances	Used Reversals	Change at scope	Amount at 31.12.2022
Post-employment benefits	1,236	(29)	(362)	(4)	841
Other long-term benefits	536	275	(80)	(3)	728
Termination benefits	110	58	(20)	-	148
TOTAL	**1,882**	**304**	**(462)**	**(7)**	**1,717**

ACCOUNTING PRINCIPLES

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans limit the liability of Societe Generale to contributions paid into the plan but do not commit the bank to a specific level of future benefits. The contributions paid are recorded as an expense for the current year.

Defined benefit plans

Defined benefit plans commit Societe Generale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk. The present value of defined benefit obligations is valued by independent qualified actuaries.

Provisions are recognised on the liability side of the balance sheet under “Provisions” to cover all of these retirement obligations. They are regularly assessed by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Societe Generale can choose to finance defined benefit plans by assets held in a long-term employee benefit fund or by qualifying insurance policies.

Funding assets are classified as plan assets if these assets are held by an entity (a fund) that is legally separate from the reporting entity and are only intended to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the benefit obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately on the asset side of the balance sheet.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are recognised as actuarial gains or losses. They are recorded immediately and in full in the income statement.

Where a new or amended plan comes into force the cost of past services is recorded immediately and in full in the income statement.

An annual expense is recorded under "Personnel expenses" for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

Other long-term benefits

Other long-term employee benefits are those that are payable to employees for services rendered during their employment, but which are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Other long-term benefits are measured in the same way as post-employment benefits.

NOTE 4.2.1 DEFINED CONTRIBUTION PLANS

Main defined contribution plans provided to employees of Societe Generale are located in France. They include state pension plans and other national pension plan such as AGIRC-ARRCO, as well as pension schemes put in place by some branches of the Societe Generale for which the only commitment is to pay annual contributions (PERCO).

NOTE 4.2.2 POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS)

Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid in addition to pensions state plans.

In France, since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the Loi Pacte, the supplementary pension plan for executive managers, set up in 1991, is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In EURm)	31.12.2022	31.12.2021
A - Present value of defined benefit obligations	1,705	2,508
B - Fair value of plan assets	893	1,355
C - Fair value of separate assets	903	1,203
D - Change in assets ceiling	-	-
E - Unrecognised items	-	-
A - B - C + D - E = Net balance	**(91)**	**(50)**
On the liabilities side of the balance sheet	841	1,236
On the asset side of the balance sheet(1)	(932)	(1,286)

(1) This item includes excess in plan assets for EUR 29 million and separate assets for EUR 903 million as at 31 December 2022 against EUR 83 million and EUR 1,203 million as at 31 December 2021.

NOTE 4.2.3 INFORMATION REGARDING PLAN ASSETS

Funding assets include plan assets and separate assets.

The breakdown of the fair value of plan assets is as follows: 79% bonds, 10% equities and 11% other investments. Societe Generale's own financial instruments directly held are not significant.

Excess in funding assets amounted to EUR 202 million.

Employer contributions to be paid to post-employment defined benefit plans for 2023 are estimated at EUR 3.1 million.

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

(In percentage)	31.12.2022	31.12.2021
Discount rate		
France	3.61%	0.85%
United Kingdom	4.80%	1.81%
Other	4.31%	1.94%
Long-term inflation		
France	2.45%	2.07%
United Kingdom	3.30%	3.47%
Other	2.07%	1.83%
Future salary increase net of inflation		
France	1.60%	1.60%
United Kingdom	N/A	N/A
Other	0.60%	0.63%
Average remaining working lifetime of employees *(in years)*		
France	7.09	7.46
United Kingdom	2.93	4.00
Other	7.90	8.26
Duration *(in years)*		
France	11.70	13.96
United Kingdom	12.74	16.23
Other	13.52	16.18

The assumptions by geographical area are averages weighted by the present value of the Defined Benefit Obligation (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.

The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the variation in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed in the end of October and corrected at the end of December if the variation had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turn over assumptions.

The assumptions described above have been applied on post-employment benefit plans.

NOTE 4.3 Free share plans

ACCOUNTING PRINCIPLES

In the case of share purchase options and free shares plans granted to employees without issuance of new shares, a provision must be recorded for the loss that the entity expects to incur when it will deliver treasury shares to the employees.

This provision is recorded under "Personnel expenses" for an amount equal to the difference:

- between the closing market price of the treasury shares and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition cost of the treasury shares already held and the exercise price (zero in the case of free shares) if the entity has already purchased the treasury shares in order to be allocated to employees.

If vesting conditions such as service or performance conditions must be satisfied for Societe Generale employees to become entitled to shares, the expense shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of stock option plans, no expense shall be recorded for the treasury shares to be issued.

NOTE 4.3.1 MAIN TERMS OF THE FREE SHARE PLANS OF THE YEAR

The plans for employees for the year ended 31 December 2022 are briefly described below:

Issuer	**Societe Generale**
Year of grant	**2022**
Type of plan	**Performance shares**
Number of free shares granted	2,562,491
Shares delivered	
Shares forfeited as at 31.12.2022	38,924
Shares outstanding as at 31.12.2022	2,523,567
Number of shares reserved as at 31.12.2022	2,523,567

The performance conditions are described in the "Corporate Governance" section of the present document.

NOTE 4.3.2 AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET AND THE EXPENSE OF THE YEAR

The amount of the debt recorded in the balance sheet for on-going plans is EUR 158 million, and yearly expense is EUR 52 million.

NOTE 4.3.3 INFORMATION RELATED TO TREASURY SHARES FOR 2022 AND 2021 PLANS

The number of treasury shares acquired in relation to the 2021 plans is 2,513,550 for a cost of EUR 83 million.

The number of treasury shares acquired in relation to the 2022 plans is 982,500 for a cost of EUR 23 million as at 31 December 2022. The required additional 1,637,920 treasury shares will be acquired during the first quarter of 2023, so as to reach the total number of shares granted. At the end of January 2023, half of the shares have already been bought back.

NOTE 5 TAXES

ACCOUNTING PRINCIPLES

Current taxes

In the financial year 1989, Societe Generale opted to apply a tax consolidation regime. As at 31 December 2022, 198 subsidiaries had signed a tax consolidation agreement with Societe Generale.

Each of the integrated companies shall record in its accounts the tax debt to Societe Generale, determined in accordance with the application of the tax consolidation agreement.

Deferred taxes

Societe Generale applies the option allowing it to recognise deferred taxes in its annual financial statements.

Deferred taxes are recognised whenever Societe Generale identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities. They are calculated using the liability method, whereby the deferred taxes from previous years are adjusted to account for a change in tax rates. The impact of such change is recorded in the income statement under deferred taxes. Net deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set timeframe.

Deferred taxes are determined separately for each taxable entity (parent company and foreign branches) and are never discounted to present value.

NOTE 5.1 Income tax

(In EURm)	2022	2021
Current taxes	224	305
Deferred taxes	(142)	(280)
TOTAL	**82**	**25**

2022 income tax includes a gain of EUR 7 million related to the effect of the tax consolidation compared to a loss of EUR 7 million for 2021 (198 subsidiaries included in the tax group in 2022 compared to 213 in 2021). The 2021 loss of tax integration was mostly related to the difference between the tax rate applicable to the re-billings of subsidiaries whose turnover is less than EUR 250 million and the tax rate applicable to the tax group. The tax rate is now the same for the re-billings of all subsidiaries and the tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter has been lowered to 25% in 2022 (article 219 of the French Tax Code) plus the existing national contribution (CSB) of 3.3%, *i.e.* a compound tax rate of 25.83%.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the Company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to the taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 5.2 Provisions for tax adjustments

ACCOUNTING PRINCIPLES

Provisions for tax adjustment represent liabilities whose timing or amount cannot be determined precisely.

Provisions may be recorded only:

- when, by virtue of an obligation related to the corporate income tax toward a tax authority, Societe Generale will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange; and
- when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision, when this discounting has a significant impact. Charge to and reversals of provisions for tax adjustments are booked to current taxes in the income statement "Tax expenses/income".

Information on the nature and the amount of the associated risks is not disclosed when Societe Generale considers that such disclosure could seriously undermine its position in a dispute with other parties on the subject matter of the provision.

(In EURm)	Amount as at 31.12.2021	Net allocations	Used Reversals	Change in scope and reclassifying	Amount as at 31.12.2022
Provisions for tax adjustments	**52**	**(40)**	**(0)**	**0**	**12**

NOTE 5.3 Deferred tax assets

(In EURm)	31.12.2022	31.12.2021
Tax loss carryforwards	1,603	1,649
Gains on sales of assets to companies included in the tax consolidation, in France	(120)	(132)
Other (primarily relating to other reserves)	1,486	1,557
TOTAL	**2,969**	**3,074**

Societe Generale performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over three years (from 2023 to 2025) extrapolated to 2026, which corresponds to a "normative" year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development which are detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the entity's tax expertise. An extrapolation of the tax result is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialization over the estimated timeframe for the absorption of the losses. These risks and uncertainties are in particular related to possible changes in applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialization of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

The updated projections show that Societe Generale's activated tax loss-carry forwards may likely be used against its future taxable income.

NOTE 5.4 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2022, based on the tax system of each franchise and a realistic projection of their tax income or expense, the projected period for deferred tax asset recovery is indicated in the table below:

(In EURm)	31.12.2022	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	1,603		
o.w. French tax group	*1,404*	*Unlimited*(1)	*8 years*
o.w. US tax group	*193*	*20 years*(2)	*7 years*
others	*6*		

(1) In accordance with the 2013 Finance Law, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before December 2011.

Furthermore, as at 31 December 2022, deferred tax assets and liabilities not recognised on the asset side of the balance sheet concerned in particular:

(In EURm)	31.12.2022	31.12.2021
French tax group	520	520
Franchises in the United States of America	272	287
SG Singapore	82	82

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 8).

NOTE 6 SHAREHOLDERS' EQUITY

NOTE 6.1 Changes in shareholders' equity

(In EURm)	Capital Stock	Additional paid-in-capital	Retained earnings				Net income of the period	Shareholders' equity
			Legal reserve	Special reserves	Other reserves	Retained earnings		
As at 31 December 2020	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**11,722**	**(1,568)**	**36,416**
Change in accounting methodology	-	-	-	-	-	13	-	13
As at 1 January 2021	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**11,735**	**(1,568)**	**36,429**
2020 Income Allocation	**-**	**-**	**-**	**-**	**-**	**(1,568)**	**1,568**	**-**
Increase/Decrease in capital stock	-	-	-	-	-	-	-	-
Net income of the period	-	-	-	-	-	-	1,995	1,995
Dividends paid	-	-	-	-	-	(468)	-	(468)
Other movements	-	-	-	-	-	-	-	-
As at 31 December 2021	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**9,699**	**1,995**	**37,956**
2021 Income Allocation	**-**	**-**	**-**	**-**	**-**	**1,995**	**(1,995)**	-
Increase/Decrease in capital stock	(5)	(226)	(2)	-	-	-	-	(233)
Net income of the period	-	-	-	-	-	-	(260)	(260)
Dividends paid	-	-	-	-	-	(1,371)	-	(1,371)
Other movements	-	-	-	-	-	-	-	-
As at 31 December 2022	**1,062**	**21,330**	**105**	**2,097**	**1,435**	**10,323**	**(260)**	**36,092**

During the first semester of 2022 Societe Generale carried out a capital reduction of EUR 20.3 million by cancelling 16,247,062 shares, with an impact on the issue premium of EUR 445.3 million and on the legal reserve of EUR 2 million.

During the second half of 2022 Societe Generale performed a capital increase reserved for employees of EUR 15.9 million, with a EUR 219.7 million issuing premium.

At 31 December 2022, Societe Generale's fully paid-up capital amounted to EUR 1,062,354,722.50 and comprised 849,883,778 shares with a nominal value of EUR 1.25.

The dividend distribution paid out by Societe Generale in 2022 amounted to EUR 1.371 million after the elimination of the treasury stock dividend for EUR 10 million.

On 2 February 2023 Societe Generale reduced its capital by EUR 52 million through the cancellation of 41,674,813 shares, with an impact on the share premium of EUR 858.4 million and on the legal reserve of EUR 3.6 million.

NOTE 6.2 Proposed distribution of income

At the Annual General Meeting of 23 May 2023, the Board of Directors will propose an allocation of income for the year ended 31 December 2022 and dividend distribution under the following terms:

(In EURm)	2022
Net income	(260)
Unappropriated retained earnings	10,323
TOTAL INCOME TO BE APPROPRIATED	**10,063**
Dividend	1,445
Retained earnings	8,618
TOTAL APPROPRIATED INCOME	**10,063**

The dividend corresponds to EUR 1.70 per share with a par value of EUR 1.25.

The amount of dividend of EUR 1.445 million to be paid to shareholders is calculated on the basis of an existing number of shares as at 31 December 2022.

NOTE 6.3 Net earnings per share

(In EURm)	31.12.2022	31.12.2021
Net income attributable to ordinary shareholders	**(260)**	**1,995**
Weighted average number of ordinary shares outstanding	822,437,425	846,261,490
Earnings per ordinary share *(in EUR)*	**(0.32)**	**2.36**
Average number of ordinary shares used in the dilution calculation(1)	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	822,437,425	846,261,490
Diluted earnings per ordinary share *(in EUR)*	(0.32)	2.36

(1) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares issues and stock-option plans.

NOTE 6.4 Subordinated debt

ACCOUNTING PRINCIPLES

This item includes borrowings, whether or not in the form of securitised debt, with fixed-term or undetermined duration, which in the event of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Any accrued interest payable in respect of subordinated debt is recorded as related payables and as an expense in the income statement.

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2022	31.12.2021
Undated deeply subordinated capital notes					
18 December 2013	USD	1750	Undetermined duration	1,641	1,545
29 September 2015	USD	1250	Undetermined duration	1,172	1,104
6 April 2018	USD	1250	Undetermined duration	1,172	1,104
4 October 2018	USD	1250	Undetermined duration	1,172	1,104
16 April 2019	SGD	750	Undetermined duration	524	491
12 September 2019	AUD	700	Undetermined duration	446	448
18 November 2020	USD	1500	Undetermined duration	1,406	1,324
26 May 2021	USD	1000	Undetermined duration	938	883
15 July 2022	SGD	200	Undetermined duration	140	-
22 November 2022	USD	1500	Undetermined duration	1,406	-
SUB-TOTAL				**10,017**	**8,003**
Subordinated long-term debts and notes					
21 July 2000	EUR	78	31 July 2030	6	7
16 August 2005	EUR	226	18 August 2025	216	216
07 April 2008	EUR	250	6 April 2023	155	155
15 April 2008	EUR	321	15 April 2023	321	321
28 April 2008	EUR	50	6 April 2023	50	50
14 May 2008	EUR	90	6 April 2023	90	90
14 May 2008	EUR	50	6 April 2023	50	50
14 May 2008	EUR	150	6 April 2023	150	150
30 May 2008	EUR	79	15 April 2023	79	79
10 June 2008	EUR	300	12 June 2023	260	260
30 June 2008	EUR	40	30 June 2023	40	40
07 June 2013	EUR	1000	7 June 2023	1,000	1,000
17 January 2014	USD	1000	17 January 2024	938	883
23 February 2018	EUR	1000	23 February 2028	1,000	1,000
27 February 2015	EUR	1250	27 February 2025	1,250	1,250
14 April 2015	USD	1500	14 April 2025	1,406	1,324
15 April 2015	EUR	150	7 April 2026	150	150
2 June 2015	AUD	125	2 June 2027	-	80
10 June 2015	AUD	50	10 June 2025	32	32
12 June 2015	JPY	27800	12 June 2025	198	213
12 June 2015	JPY	2500	12 June 2025	18	19
22 July 2015	USD	50	23 July 2035	47	44
30 September 2015	JPY	20000	30 September 2025	142	153
21 October 2015	EUR	70	21 October 2026	70	70
24 November 2015	USD	1000	24 November 2025	938	883
24 November 2015	USD	500	24 November 2045	469	441

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2022	31.12.2021
03 June 2016	JPY	15000	03 June 2026	107	115
27 June 2016	USD	500	27 June 2036	469	441
20 July 2016	AUD	325	20 July 2028	207	208
19 August 2016	USD	1000	19 August 2026	938	883
13 October 2016	AUD	150	13 October 2026	96	96
16 December 2016	JPY	10000	16 December 2026	71	77
24 January 2017	AUD	200	24 January 2029	127	128
19 May 2017	AUD	500	19 May 2027	414	416
23 June 2017	JPY	5000	23 June 2027	-	39
18 July 2017	JPY	5000	27 July 2027	-	39
7 March 2018	JPY	6500	7 March 2028	46	50
13 April 2018	JPY	6500	13 April 2028	46	50
17 April 2018	JPY	6500	17 April 2028	46	50
24 October 2018	JPY	13100	24 October 2028	93	101
18 April 2019	AUD	300	18 May 2034	191	192
8 July 2020	USD	500	08 July 2035	469	441
24 November 2020	EUR	1000	24 November 2030	1,000	1,000
1 March 2021	USD	1000	1 March 2041	938	883
1 April 2021	EUR	1000	30 June 2031	1,000	1,000
30 June 2021	JPY	7000	30 June 2031	49	54
19 July 2021	JPY	7000	12 July 2032	49	54
9 December 2021	AUD	80	9 December 2031	51	51
19 January 2022	USD	750	21 January 2043	703	-
15 June 2022	USD	1250	15 January 2033	1,172	-
5 September 2022	EUR	500	6 September 2032	500	-
20 October 2022	JPY	10000	20 October 2032	71	-
SUB-TOTAL(1)				**17,928**	**15,328**
Related payables				**366**	**308**
TOTAL(1)(2)				**28,311**	**23,639**

(1) The bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,326 million in 2022 (compared with EUR 1,108 million in 2021).

(2) Including debt with related parties EUR 43 million as at 31 December 2022 (EUR 43 million as at 31 December 2021).

Societe Generale is entitled to cancel the remuneration of the perpetual subordinated debt issued.

As a general rule, subordinated debt may include an early repayment clause at the option of Societe Generale, which may take place no earlier than in its fifth year.

NOTE 7 OTHER INFORMATION

NOTE 7.1 Geographical breakdown of net banking income[1]

	France		Europe		Americas	
(In EURm)	2022	2021	2022	2021	2022	2021
Net interest and similar income[2]	2,951	2,595	446	371	460	370
Net fee income	2,407	2,195	322	309	114	168
Net income from financial transactions	4,566	3,649	1,163	1,075	(2)	27
Other net operating income	(246)	(314)	47	66	1	1
Net banking income	**9,678**	**8,125**	**1,978**	**1,821**	**573**	**566**

	Asia/Oceania		Total	
(In EURm)	2022	2021	2022	2021
Net interest and similar income[2]	168	135	4,025	3,471
Net fee income	89	90	2,932	2,762
Net income from financial transactions	259	210	5,986	4,961
Other net operating income	1	5	(197)	(242)
Net banking income	**517**	**440**	**12,746**	**10,952**

(1) Geographical regions in which companies recording income is located.
(2) Including dividend income and net income from lease financing and similar agreements.

NOTE 7.2 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible or intangible fixed assets include operating premises, investment property, software, etc.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortization and impairment. The purchase price of fixed assets include borrowing costs incurred to fund a lengthy construction period, along with all other directly attributable expenses. Software created in-house is recognized for its direct cost of development, that includes external expenditure on hardware and services and personnel costs directly attributable to the production and the preparation of the asset for use.

As soon as they are ready for use, tangible assets are depreciated using a component-based approach. Each component is depreciated over its own useful life.

For operating premises and investment property, the depreciation periods of the different components are between 10 to 50 years.

Infrastructures	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Techical installations	Elevators	10-30 years
	Electrical installations	
	Electrical generators	
	Air conditionning, extractors	
	Technical wiring	10-30 years
	Securities and surveillance installations	
	Plumbing	
	Fire and safety equipment	
Fixtures and fittings	Finishing, surroundings	10 years

For the other fixed assets, depreciation periods have been defined based on the useful life of the assets considered which is generally estimated between 3 to 20 years.

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or aquired	3-8 years
Concessions, patents, licences, etc.	5-20 years

If any, the depreciable value of each asset or component is reduced for its residual value. In the event of a subsequent decrease or increase of the residual value initially retained, the adjustment of the depreciable base shall affect the depreciation or amortisation plan of the asset prospectively.

Depreciation or amortisation allowances are recognised in the income statement under “Impairment, amortisation and depreciation”.

Gains or losses on disposal of operating assets are recorded in Net gains or losses on other assets.

NOTE 7.2.1 CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2021	Acquisition/ Allocations	Disposals/ Reversals	Scope variation and other movements	31.12.2022
Intangible assets					
Gross book value	5,018	424	(41)	2	5,403
Impairment and amortisation	(3,245)	(301)	32	(4)	(3,518)
Tangible operating assets					
Gross book value	3,659	152	(127)	10	3,694
Impairment and depreciation	(2,496)	(213)	116	(8)	(2,601)
Tangible non-operating assets					
Gross book value	10	-	-	(1)	9
Impairment and depreciation	(7)	-	-	-	(7)
TOTAL	**2,939**	**62**	**(20)**	**(1)**	**2,980**

NOTE 7.2.2 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

The Net income from long-term investments items cover the capital gains or losses realised on disposals, as well as the net allocation to impairment of operating fixed assets. Income from non-operating assets is recorded under net banking income.

(In EURm)	31.12.2022	31.12.2021
Operating fixed assets		
Gains on sale	17	88
Losses on sale	(3)	(7)
TOTAL	**14**	**81**

NOTE 7.3 Breakdown of assets and liabilities by term of maturity

(In EURm)	Outstanding as at 31 December 2022					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/branches	Total
Assets	**416,761**	**162,210**	**288,271**	**159,199**	**(204,442)**	**821,999**
Due from banks	219,311	77,468	93,508	30,905	(204,442)	216,750
Customer loans	177,801	47,552	181,100	89,189	-	495,642
Bonds and other debt securities:	19,649	37,190	13,663	39,105	-	109,607
Trading securities	*14,390*	*27,003*	*1,459*	-	-	*42,852*
Short-term investment securities	*4,910*	*7,996*	*100*	*95*	-	*13,101*
Long-term investment securities	*349*	*2,191*	*12,104*	*39,010*	-	*53,654*
Liabilities	**674,877**	**156,027**	**266,185**	**117,950**	**(204,442)**	**1,010,597**
Due to banks	220,249	76,257	178,399	69,917	(204,074)	340,748
Customer deposits	432,074	55,275	44,446	18,808	(367)	550,236
Liabilities in the form of securities issued	22,554	24,495	43,340	29,225	(1)	119,613

NOTE 7.4 Transactions in foreign currencies

ACCOUNTING PRINCIPLES

Gains and losses arising from ordinary activities in foreign currencies are recognized in the income statement. Outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. unrealized gains and losses are recognized in the income statement. premiums and discounts resulting from hedged forward foreign exchange transactions are amortized to the income statement on a straight-line basis over the remaining maturity of these transactions.

(In EURm)	31.12.2022				31.12.2021			
	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	653,595	656,457	316,771	342,021	613,387	615,135	373,684	361,197
USD	420,317	418,187	785,562	734,925	410,505	408,844	711,327	696,403
GBP	79,238	79,213	201,577	201,147	64,809	65,439	177,947	172,373
JPY	69,360	68,777	98,327	123,035	43,542	42,886	76,804	86,614
Other currencies	107,450	107,326	472,245	477,458	105,053	104,992	430,353	437,961
TOTAL	**1,329,960**	**1,329,960**	**1,874,482**	**1,878,586**	**1,237,296**	**1,237,296**	**1,770,115**	**1,754,548**

NOTE 7.5 Establishments in non-cooperative states or territories

Since 2013, Societe Generale has defined strict internal rules to prevent developing any establishment in an extended list of countries that could become non cooperative states or territories or generate a reputational risk. Any establishment or development of new activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Compliance and Risk Divisions.

Since 2010, Societe Generale has decided to close (and has therefore taken the necessary steps to do so) all the Societe Generale's operations in countries and territories deemed non-cooperative by France, the list of which was updated by the Ministerial order of 2 March 2022 (published on 16 March 2022).

As of 31 December 2022, Societe Generale did not directly or indirectly own any business in the States and territories concerned.

NOTE 7.6 Table of subsidiaries and affiliates

(In thousands of euros or local currency)		2022			
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)*[(1)]	**Shareholders' equity other than capital** *(local currency)*[(1)]	**Share of capital held** *(%)*
I – INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL					
A) Subsidiaries (more than 50% owned by Societe Generale)					
SG AMERICAS SECURITIES HOLDINGS, LLC	**Brokerage**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	1,430,976	1,480,097	100.00
SG FINANCIAL SERVICES HOLDING	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,641,835	212,569	100.00
SOCIETE GENERALE INTERNATIONAL LIMITED	**Brokerage and clearing**				
One Bank Street – London E14 4SG – United Kingdom	Global Banking and Investor Solutions	GBP	1,150,000	282,055	100.00
CREDIT DU NORD	**French Retail Banking**				
28, place Rihour – 59800 Lille – France	French Retail Banking	EUR	890,263	2,604,057	100.00
GENEFINANCE	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,000,000	236,704	100.00
SG KLEINWORT HAMBROS LIMITED	**Asset management**				
One Bank Street – Canary Wharf – E14 4SG – London – United Kingdom	Global Banking and Investor Solutions	GBP	466,651	6,214	100.00
SOCIETE GENERALE REAL ESTATE	**Real estate and real estate financing**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	327,112	32,745	100.00
SOCIETE GENERALE SECURITIES JAPAN LIMITED	**Brokerage**				
1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Global Banking and Investor Solutions	JPY	35,765,000	39,359,000	100.00
SOGEMARCHE	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	440,000	40	100.00
SOCIETE GENERALE SECURITIES SERVICES SPA	**Credit institution**				
Via Benigno Crespi, 19 A – 20159 Milano – Italy	Global Banking and Investor Solutions	EUR	111,309	185,211	100.00
FIDITALIA SPA	**Consumer finance**				
Via Guglielmo Silva n°34 – 20149 Milan – Italy	International Retail Banking and Financial Services	EUR	130,000	280,689	100.00
SALINGER S.A.	**Portfolio management**				
15, avenue Émile Reuter L2420 Luxembourg – Luxembourg	Global Banking and Investor Solutions	EUR	100	314,967	100.00
SOCIETE GENERALE (CHINA) LIMITED	**International Retail Banking**				
F15, West Tower Genesis, 8 Xinyuannan Street – Chaoyang District – 100027 Beijing – China	Global Banking and Investor Solutions	CNY	4,000,000	163,581	100.00
BANCO SOCIETE GENERALE BRASIL S/A	**Investment Banking**				
Avenida Paulista, 2300 – Cerqueira Cesar – Sao Paulo – SP CEP 01310-300 – Brazil	Global Banking and Investor Solutions	BRL	2,956,929	(1,326,137)	100.00

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(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2022

Book value of shares held							Remarks
Gross *(In EUR)*	**Net** *(In EUR)*	**Unreimbursed loans and advances made by the Company** *(In EUR)*	**Guarantees given by the Company** *(In EUR)*	**Revenue excluding tax for the last financial year** *(local currency)* (1)(2)(3)	**Net income (gain or loss) for the last financial year** *(local currency)* (1)(3)	**Dividends received by the Company during the year** *(In EUR)*	**Revaluation differences**
2,983,087	2,983,087	0	0	733,871	323,185	0	1 EUR = 1.0666 USD
2,136,144	2,136,144	1,992,985	0	1,127,456	1,133,209	469,525	
1,590,260	1,590,260	986,470	3,747	332,535	186,278	169,646	1 EUR = 0.88693 GBP
1,410,256	1,410,256	16,746,960	0	861,416	219,025	0	
1,076,025	1,076,025	415,906	0	237,182	247,461	50,000	
598,484	598,484	0	0	175,705	27,678	0	1 EUR = 0.88693 GBP
586,505	586,505	0	0	34,442	34,445	38,429	
547,945	547,945	268,385	412	25,005,000	4,941,000	9,485	1 EUR = 140.66 JPY
460,400	460,400	0	0	25,905	2,452	0	
745,062	368,590	0	0	148,447	29,262	0	
340,974	340,974	9,678	0	245,765	72,444	60,937	
315,184	315,184	0	0	(2,209)	(2,322)	0	
433,032	278,418	387,862	0	475,606	191,068	0	1 EUR = 7.3582 CNY
905,612	261,116	0	4,958	262,838	61,580	0	1 EUR = 5.63861 BRL

2022

(In thousands of euros or local currency)

Company/Head Office or Establishment	Activity/Division		Registered capital *(local currency)*[(1)]	Shareholders' equity other than capital *(local currency)*[(1)]	Share of capital held *(%)*
SOGECAMPUS	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	241,284	41,704	100.00
GENEGIS I	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	192,900	14,299	100.00
SOCIETE GENERALE ALGERIE	**International Retail Banking**				
Residence El Kerma – 16105 Gué de Constantine – Wilaya d'Alger – Algeria	International Retail Banking and Financial Services	DZD	20,000,000	32,463,187	100.00
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	76,627	3,142	100.00
SG SECURITIES KOREA CO, LTD.	**Business consulting**				
24th Floor, D1 D-Tower, 17 Jong-ro 3-gil, Jongno-gu – Seoul – South Korea	Global Banking and Investor Solutions	KRW	205,500,000	144,559,081	100.00
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	120,030	213,778	100.00
SOCIETE GENERALE CAPITAL CANADA INC.	**Brokerage**				
1501 avenue McGill College – Suite 1800 H3A 3M8 – Montreal – Canada	Global Banking and Investor Solutions	CAD	150,000	89,211	100.00
SG SECURITIES (SINGAPORE) PTE. LTD.	**Brokerage**				
8 Marina boulevard – #12-01 – Marina Bay financial Centre Tower 1 – 018981 – Singapore – Singapore	Global Banking and Investor Solutions	SGD	99,058	7,329	100.00
SG AMERICAS, INC.	**Investment Banking**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	0	422,749	100.00
ORPAVIMOB	**Real estate and real estate financing**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	69,253	6,382	100.00
PAREL	**Brokerage and clearing**				
11-13, cours Valmy – Tour Pacific – 92800 – Puteaux France	Global Banking and Investor Solutions	EUR	15,250	46,494	100.00
SG VENTURES	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	55,710	(247)	100.00
SG FACTORING SPA	**Factoring**				
Via Trivulzio, 7 – 20146 Milan – Italy	Global Banking and Investor Solutions	EUR	11,801	33,324	100.00
SG AMERICAS OPERATIONAL SERVICES LLC (SGAOS)	**Transversal services company**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	716	44,287	100.00

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(3) Financial statements not yet audited for French companies.

2022							
Book value of shares held							**Remarks**
Gross *(In EUR)*	**Net** *(In EUR)*	**Unreimbursed loans and advances made by the Company** *(In EUR)*	**Guarantees given by the Company** *(In EUR)*	**Revenue excluding tax for the last financial year** *(local currency)* (1)(2)(3)	**Net income (gain or loss) for the last financial year** *(local currency)* (1)(3)	**Dividends received by the Company during the year** *(In EUR)*	**Revaluation differences**
241,284	241,284	87,699	0	24,205	3,495	2,172	
196,061	196,061	19,195	0	211,842	3,189	656	
182,339	182,339	0	2,732	23,328,627	6,645,399	22,426	1 EUR = 146.4129 DZD
155,837	155,837	0	0	754	1,709	6,489	
153,041	153,041	0	0	68,768,946	12,716,848	13,198	1 EUR = 1344.09 KRW
119,992	119,992	55,347	0	9,882	2,273	0	
103,360	103,360	0	103,878	43,750	4,958	0	1 EUR = 1.444 CAD
104,841	89,587	0	0	56,092	32,095	67,664	1 EUR = 1.43 SGD
1,573,453	79,667	0	0	(1,292)	(1,234)	0	capital = 1 USD 1 EUR = 1.0666 USD
69,253	69,253	0	0	13,755	4,361	3,924	
61,324	61,324	12,472	305,989	20,257	(2,939)	0	
55,710	55,502	0	0	2,378	2,428	0	
46,100	46,100	987,772	1,945,600	11,752	3,999	0	
42,365	42,365	0	0	2,495	24,470	0	1 EUR = 1.0666 USD

2022					
(In thousands of euros or local currency)					
Company/Head Office or Establishment	**Activity/Division**	**Registered capital** *(local currency)*[(1)]		**Shareholders' equity other than capital** *(local currency)*[(1)]	**Share of capital held** *(%)*
SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD.	**Brokerage on equity markets**				
Level 25, 1-7 Bligh street – Sydney, NSW 2000 – Australia	Global Banking and Investor Solutions	AUD	100,000	(41,410)	100.00
SG AUSTRALIA HOLDINGS LTD.	**Portfolio management**				
Level 25, 1-7 Bligh street – Sydney, NSW 2000 – Australia	Global Banking and Investor Solutions	AUD	19,500	(218)	100.00
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD. (HONG KONG)	**Investment Banking**				
Level 38 – Three Pacific Place 1 Queen's Road – East Hong Kong – Hong Kong	Global Banking and Investor Solutions	USD	154,972	154,316	100.00
SOCIETE GENERALE EQUIPMENT FINANCE S.A.	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	International Retail Banking and Financial Services	EUR	201,397	2,956	100.00
SOCIETE GENERALE SFH	**Credit institution**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	375,000	299,935	100.00
BOURSORAMA S.A.	**Online banking**				
44, rue Traversière 92100 Boulogne-Billancourt – France	French Retail Banking	EUR	51,171	924,566	100.00
SOCIETE GENERALE IMMOBEL	**Real estate**				
11, rue des Colonies – 1000 Bruxelles – Belgique	Global Banking and Investor Solutions	EUR	25,062	2,505	100.00
SOCIETE GENERALE SCF	**Mortgages**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	150,000	138,850	100.00
VALMINVEST	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	248,877	13,080	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	12,487	96	100.00
SOCIETE DE LA RUE EDOUARD VII	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	11,396	(1,575)	100.00
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	**Investment Banking**				
One Bank Street, Canary Wharf – E14 4SG – London – United Kingdom	Global Banking and Investor Solutions	GBP	157,823	103,826	98.96
TREEZOR	**Electronic money institution**				
41, rue de Prony 75017 Paris – France	Corporate Centre	EUR	5,061	42,772	95.12
SOCIETE GENERALE CONGO	**International Retail Banking**				
Avenue Amilcar Cabral – Brazzaville – Congo	International Retail Banking and Financial Services	XAF	11,860,000	(191,011)	93.47

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(3) Financial statements not yet audited for French companies.

2022

Book value of shares held							Remarks
Gross *(In EUR)*	Net *(In EUR)*	Unreimbursed loans and advances made by the Company *(In EUR)*	Guarantees given by the Company *(In EUR)*	Revenue excluding tax for the last financial year *(local currency)* [1][2][3]	Net income (gain or loss) for the last financial year *(local currency)* [1][3]	Dividends received by the Company during the year *(In EUR)*	Revaluation differences
62,745	33,867	101,956	318,613	10,700	(1,312)	0	1 EUR = 1.5693 AUD
12,352	12,129	0	0	1,535	78	0	1 EUR = 1.5693 AUD
146,513	146,513	404,899	0	465,853	141,365	326,179	1 EUR = 1.0666 USD
281,549	281,549	598,869	0	22,892	68,929	0	
375,000	375,000	48,852	26,598,852	423,071	55,438	0	
1,468,841	1,468,841	9,352,071	0	123,358	(165,138)	0	
25,061	25,061	0	0	953	604	657	
150,000	150,000	12,110,844	16,476,687	27,585	15,968	0	
249,427	249,427	0	0	16,040	9,302	9,009	
237,555	12,553	0	0	0	(29)	0	
59,634	24,346	0	0	0	158	0	
187,403	187,403	3,155,367	0	6,537	13,555	29,159	1 EUR = 0.88693 GBP
62,925	62,925	0	0	9,116	(16,543)	0	
26,900	20,062	0	13,030	18,714,624	3,869,509	0	1 EUR = 655.957 XAF

2022

(In thousands of euros or local currency)

Company/Head Office or Establishment	Activity/Division		Registered capital *(local currency)*[(1)]	Shareholders' equity other than capital *(local currency)*[(1)]	Share of capital held *(%)*
SHINE	**Online banking**				
5, rue Charlot – 75003 – Paris– France	French Retail Banking	EUR	4	(14,321)	90.90
ALD	**Automobile leasing and financing**				
1-3, rue Eugène et Armand Peugeot – Le Corosa – 92500 Rueil Malmaison – France	International Retail Banking and Financial Services	EUR	848,618	1,950,867	75.94
BANQUE DE POLYNESIE	**Retail banking**				
355, Bd Pomaré, BP 530, 98713 Papeete – Tahiti – French Polynesia	International Retail Banking and Financial Services	XPF	1,380,000	7,695,850	72.10
SOCIETE GENERALE DE BANQUES EN COTE D'IVOIRE	**International Retail Banking**				
5 & 7, avenue J. Anoma, 01 BP 1355 – Abidjan 01 – Ivory Coast	International Retail Banking and Financial Services	XOF	15,555,555	235,571,127	71.84
KOMERCNI BANKA A.S	**International Retail Banking**				
Na Prikope 33 – Building Register number 969 – 114 07 Praha 1 – Czech Republic	International Retail Banking and Financial Services	CZK	19,004,926	79,973,904	60.35
BRD – GROUPE SOCIETE GENERALE	**International Retail Banking**				
B-dul Ion Mihalache nr. 1-7 Sector 1 – Bucharest – Roumania	International Retail Banking and Financial Services	RON	696,902	6,635,070	60.17
SOCIETE GENERALE CAMEROUN	**International Retail Banking**				
78 avenue Joss, BP 4042 – Douala – Cameroun	International Retail Banking and Financial Services	XAF	12,500,000	92,950,559	58.08
SG MAROCAINE DE BANQUES	**International Retail Banking**				
55, boulevard Abdelmoumen – Casablanca – Morocco	International Retail Banking and Financial Services	MAD	2,152,500	10,219,758	57.67
GENEFIM	**Real estate lease finance**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	72,779	29,169	57.62
UNION INTERNATIONALE DE BANQUES	**International Retail Banking**				
65, avenue Habib Bourguiba – 1000A Tunis – Tunisia	International Retail Banking and Financial Services	TND	172,800	435,580	52.34
B) Affiliates (10% to 50% owned by Societe Generale)					
TRANSACTIS	**Payment**				
1, boulevard des Bouvets – 92000 – Nanterre – France	Global Banking and Investor Solutions	EUR	46,948	341	50.00
S.A. SOGEPARTICIPATIONS	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	411,267	306,519	24.58
SOCIETE GENERALE CALEDONIENNE DE BANQUE	**Retail banking**				
44, rue de l'Alma BP G2 98848 Noumea Cedex – New Caledonia	International Retail Banking and Financial Services	XPF	1,068,375	14,435,424	20.60

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2022							
Book value of shares held							Remarks
Gross *(In EUR)*	Net *(In EUR)*	Unreimbursed loans and advances made by the Company *(In EUR)*	Guarantees given by the Company *(In EUR)*	Revenue excluding tax for the last financial year *(local currency)* [1][2][3]	Net income (gain or loss) for the last financial year *(local currency)* [1][3]	Dividends received by the Company during the year *(In EUR)*	Revaluation differences
46,100	46,100	5,000	0	13,423	(18,305)	3,754	
1,947,662	1,947,662	100,000	0	120,990	293,833	348,346	
12,397	12,397	446	132,431	6,240,323	1,556,299	6,123	1 EUR = 119.33174 XPF
30,504	30,504	171,439	6,910	206,471,836	78,209,298	34,241	1 EUR = 655.957 XOF
1,462,151	1,462,151	3,226,433	535,218	37,135,162	17,258,777	466,093	1 EUR = 24.116 CZK
216,623	216,623	1,018,434	46,901	3,271,347	1,323,899	313,907	1 EUR = 4.9495 RON
16,940	16,940	0	48,390	89,684,834	22,267,652	0	1 EUR = 655.957 XAF
141,505	141,505	436,824	757,157	4,706,758	1,027,669	15,977	1 EUR = 11.1519 MAD
89,846	89,846	2,935,213	0	40,180	(8,622)	17,457	
46,100	46,100	12,034	86,524	502,527	114,802	3,557	1 EUR = 3.32405 TND
23,474	23,474	60,974	0	168,172	521	0	
234,000	234,000	0	0	22,007	25,259	69,240	
16,266	16,266	137,320	70,000	9,493,428	2,876,554	2,544	1 EUR = 119.33174 XPF

(In thousands of euros or local currency)	2022				
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)*[(1)]	**Shareholders' equity other than capital** *(local currency)*[(1)]	**Share of capital held** *(%)*
CAISSE DE REFINANCEMENT DE L'HABITAT	**Housing loan refinancing**				
3, rue de La Boétie – 75008 Paris – France	Corporate Centre	EUR	578,384	24,273	16.19
CREDIT LOGEMENT	**Credit institution**				
50, boulevard Sébastopol – 75003 Paris – France	Corporate Centre	EUR	1,259,850	213,044	13.50
GENEO CAPITAL ENTREPRENEUR	**Portfolio management**				
14, boulevard du Général Leclerc 92200 Neuilly-sur-Seine – France	French Retail Banking	EUR	303,148	3,639	10.70

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(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2022							
Book value of shares held							Remarks
Gross *(In EUR)*	Net *(In EUR)*	Unreimbursed loans and advances made by the Company *(In EUR)*	Guarantees given by the Company *(In EUR)*	Revenue excluding tax for the last financial year *(local currency)* (1)(2)(3)	Net income (gain or loss) for the last financial year *(local currency)* (1)(3)	Dividends received by the Company during the year *(In EUR)*	Revaluation differences
94,215	94,215	0	0	468,423	1,177	0	
171,037	171,037	219,920	0	316,364	120,412	24,030	
30,000	30,000	0	0	0	367	0	

Table of subsidiaries and affiliates (continued)

(In thousands of euros)	Book value of shares held – Gross	Book value of shares held – Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
II – INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES							
A) Subsidiaries not included in paragraph 1:							
1°) French subsidiaries	72,932	59,890	6,157,399	0	91,569	Revaluation difference:	0
2°) Foreign subsidiaries	304,984	72,061	1,615,219	90,807	104,830	Revaluation difference:	1,447
B) Affiliates not included in paragraph 1:							
1°) French companies	6,853	5,518	600	0	642	Revaluation difference:	0
2°) Foreign companies	9,794	6,687	33,103	0	974	Revaluation difference:	0

NOTE 8 INFORMATION ON RISKS AND LITIGATION

Every quarter, the Societe Generale reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that Societe Generale will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC - *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The new proceeding before the Supreme Court is still pending.
- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter") the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4.11 of the Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. On 19 August 2022, one of the stayed putative class actions was voluntarily dismissed by plaintiffs. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions), were voluntarily dismissed with prejudice.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain antitrust and state law claims against Societe Generale. Discovery in that action is ongoing In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff has appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which were consolidated. Plaintiffs alleged that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal. The original proposed class representatives withdrew from the action. On 14 February 2022, the Second Circuit dismissed the remaining plaintiff's appeal for lack of standing leaving undisturbed the District Court's dismissal. This litigation is now concluded.
- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action has been transferred to the Competition Appeal Tribunal. Societe Generale is defending both actions.
- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by an enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. The Court of Luxembourg has confirmed on 12 May 2022 that the *précompte* was incompatible with the Parent-Subsidiary Directive.

- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
- Since August 2015, various former and current employees of Societe Generale have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate inter alia to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  Societe Generale may also be exposed to claim by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The SG defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023.
- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a "derivative action" ('action ut singuli') before the Commercial Court of Paris against the CEO of the Company (*Directeur Général*), Mr. Frédéric Oudéa. Plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the U.S. and French treasuries under the *Convention judiciaire d'intérêt public* 24 May 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of 5 June 2018 between Societe Generale and the United States Department of Justice (the "DPA").

  Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. By order dated 15 February 2022, the Commercial Court of Paris therefore took note of the termination of the proceedings. This matter is therefore definitively over.

- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.
- Like other operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing.
- On 19 August 2022, a Russian fertilizer company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale SA and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 13 December 2022. A case management conference ("CMC") is expected to take place in the course of the first quarter of 2023.
- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing and equity and index derivatives activities. The 2017, 2018 and 2019 audited years are the subject of notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group.
- In August 2009, Societe Generale Private Banking (Switzerland) ("SGPBS"), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), an Antiguan bank, with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

  On 7 November 2017, the US District Court denied the plaintiffs' motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the US District Court for the Southern District of Texas.

  On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgement seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.

  On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS's and OSIC's motions. The case was formally remanded to the Southern District of Texas in Houston by order of 28 January 2022, and the trial as to all defendants is to commence on 27 February 2023. On 3 January 2023, SGPBS entered into an agreement settling the litigation brought by OSIC as well as the pending intervenor claims brought by certain individual plaintiffs also pending in the Southern District of Texas, in an amount covered by reserves in Société Générale S.A.'s accounts following a financial guarantee provided by Société Générale S.A. to SGPBS. This settlement is subject to review and approval by the US District Court for the Northern District of Texas, which oversees the wind-up of the Stanford estate.

  In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of SIBL, appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS will defend against that claim in this proceeding, would it be notified of its continuation.

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the 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 Regulations and French law, such as information about the appointment of the statutory auditors or the verification of the management report and the 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.

Year ended December 31, 2022

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Générale for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

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 Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

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 of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

ASSESSMENT OF IMPAIRMENT AND PROVISIONS RELATING TO CUSTOMER LOANS

Risk identified	Our response
Customer loans and receivables carry a credit risk which exposes Société Générale to a potential loss if its client or counterparty is unable to meet its financial commitments. Société Générale recognizes impairment intended to cover this risk. The accounting principles used for the measurement of individual impairment, on the one hand, and collective provisions, on the other hand, are set out in Note 2.6 "Impairment and provisions" to the financial statements. The amount of the collective provisions for credit risk is calculated based on non-downgraded performing loans and downgraded performing loans, respectively. These collective provisions are determined using statistical models requiring the exercise of judgment at the various stages in the calculation, particularly in the context of uncertainty relating to the geopolitical and economic context. In addition, Société Générale uses judgment and makes accounting estimates to measure the level of individual impairment for doubtful loans. As at December 31, 2022, outstanding customer loans exposed to credit risk totaled M€ 365,326; total impairment amounted to M€ 2,012 and provisions amounted to M€ 1,738. We considered the assessment of impairment and provisions relating to customer loans to be a key audit matter as this require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographical areas most weakened by the crisis.	Our work mainly focused on the most significant loans and customer loan portfolios, as well as the most vulnerable economic sectors and geographical areas, in particular, loans linked to Russia and sectors weakened by inflation and rising interest rates. With the support of credit risk management experts, our audit work mainly consisted in: ■ obtaining an understanding of the Société Générale Group's governance and internal control relating to the assessment of the credit risk and the measurement of the expected losses, and testing the key manual and automated controls; ■ assessing, with the support of economists from our firms, the relevance of the macro-economic projections and the weighting of scenarios used by Société Générale; ■ assessing the main parameters used by Société Générale to measure the collective provisions as at December 31, 2022; ■ assessing the capacity of model and parameter adjustments as well as sectoral adjustments to adequately cover the credit risk level in the context of the crisis; ■ assessing, using data analysis tools, the measurement of the collective provisions on a sample of portfolios; ■ testing, as at December 31, 2022, on a selection of the most significant loans to corporate clients, the main criteria used to classify doubtful loans, as well as the assumptions used to estimate the related individual impairment. We also analyzed the information on credit risk in the evolving context of the pandemic disclosed in Notes 1.4 "Use of estimates and judgment", 2.3 "Loans and receivables" and 2.6 "Impairment and provisions" to the financial statements.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE

Risk identified	Our response
As at December 31, 2022, deferred tax assets on tax loss carryforwards were recorded in the amount of M€ 1,662, including M€ 1,404 for the France tax groups. As stated in Note 5 "Taxes" to the financial statements, Société Générale calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets at the closing date when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2022, this timeframe is eight years for the tax group in France. In addition, as stated in Notes 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements, certain tax loss carryforwards are challenged by the French tax authorities and, therefore, are liable to be called into question. Given the importance of the assumptions used to assess the recoverability of deferred tax assets in France, notably on future taxable profits, and of the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.	Our audit approach consisted in assessing the probability that Société Générale would be able to use in the future its tax loss carryforwards generated to date, in particular in view of its ability to generate future taxable profits in France. With the support of tax specialists, our procedures mainly consisted in: ■ comparing the projected results of the previous years with the actual results of the corresponding years, in order to assess the reliability of the tax business plan development process; ■ obtaining an understanding of the 2023 budget drawn up by Management and approved by the Board of Directors, as well as the assumptions underlying the projections over the 2023-2025 timeframe, which take into account the expected impacts of operations known at the closing date (in particular, the merger of the France networks or the purchase of Leaseplan); ■ assessing the relevance of the methods used to extrapolate the tax results after the 2023-2025 timeframe; ■ assessing the assumptions used to analyze sensitivity in the event of adverse scenarios defined by the Société Générale Group; ■ analyzing the sensitivity of the recovery period for tax losses under different scenarios we created; ■ analyzing the situation of Société Générale, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities. We also examined the information provided by Société Générale, concerning deferred tax assets disclosed in Notes 1.4 "Use of estimates and judgment", 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
Within the scope of its market activities, Société Générale holds financial instruments for trading purposes. As at December 31, 2022, M€ 149,512 are recorded in this respect under assets on Société Générale's balance sheet. To determine the fair value of these instruments, Société Générale uses techniques or in-house valuation models. As stated in Note 2.2 "Operations on forward financial instruments" to the financial statements, if necessary, these valuations include discounts calculated according to the relevant instruments and associated risks. In the absence of available market data or market valuation models, the models and data used to value these instruments may, for example, be based on Management's judgment and estimates. Given the complexity of the modeling in determining the fair value, the multiplicity of models used, and the use of Management's judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.	Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments. With the support of experts in the valuation of financial instruments included in the audit team, our procedures consisted in: ▪ obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems; ▪ analyzing the governance set up by the Risk Department for the control of the valuation models; ▪ analyzing the valuation methodologies for certain categories of complex instruments and the related reserves or value adjustments; ▪ testing the key controls relating to the independent verification of the valuation parameters, and assessing the reliability of the market parameters used to provide input for the valuation models with reference to external data; ▪ as regards the process used to explain the changes in fair value, obtaining an understanding of the bank's analysis principles and performing tests of controls on a sample basis. In addition, we performed "analytical" IT procedures on the control data relating to certain activities; ▪ obtaining the quarterly results of the model independent price verification process; ▪ obtaining the quarterly results of the valuation adjustment process based on external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues; ▪ performing counter-valuations of a selection of complex derivative financial instruments using our tools. We also assessed the compliance of the methods underlying the estimates with the principles described in Note 2.2 "Operations on forward financial instruments" to the financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified	Our response
The Market Activities of the Global Banking & Investor Solutions (GBIS) division constitute an important activity, as illustrated by the significance of the financial instruments positions in Note 2.2 "Operations on forward financial instruments" to the financial statements. This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the IT chains used or the recording of transactions until their transfer into the accounting system may result from: ▪ changes made to management and financial information by unauthorized personnel via the information systems or underlying databases; ▪ a failure in the process or in the transfer of data between systems; ▪ a service interruption or an operating incident which may or may not be related to internal or external fraud. Furthermore, in a context of widespread home working and an increasing number of malicious acts, Société Générale is exposed to new risks, particularly those relating to the opening up of information systems to allow remote access to transaction processing applications. To ensure the reliability of the accounts, it is therefore essential for Société Générale to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.	Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale. With the support of specialists in information systems included in our audit team, we tested the IT general controls of the applications that we considered to be key for this activity. Our work mainly consisted in assessing: ▪ the controls set up by Société Générale on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended audit procedures in the event of anomalies identified during the financial year; ▪ the potential privileged access to applications and infrastructure; ▪ the change management relating to applications, and more specifically the separation between development and business environments; ▪ the security policies in general and their deployment in IT applications (for example, those related to passwords); ▪ the handling of IT incidents during the financial year; ▪ the governance and control environment on a sample of applications. Regarding these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analysis procedures on certain IT applications. We also evaluated the governance implemented by Société Générale to ensure the resilience of the information systems faced with cyber risks. Our work consisted in interviewing the bank's security teams and studying the reports from the cybersecurity committees as well as any incidents occurring during the financial year.

ASSESSMENT OF THE LEGAL RISK RELATING TO LEGAL, REGULATORY AND ARBITRAL PROCEEDINGS INVOLVING SOCIÉTÉ GÉNÉRALE

Risk identified	Our response
Société Générale is a party to a number of proceedings, including several civil, administrative and criminal proceedings as indicated in Notes 2.6.6 "Other provisions for contingencies and losses" and 5.2 "Tax provisions". Other provisions for contingencies and losses amounted to M€ 1,222 and included in particular provisions for litigation and tax provisions which amounted to M€ 12 as at December 31, 2022. As indicated in Note 8 "Information on risks and disputes" to the financial statements, the disputes displaying a significant risk are analyzed on a quarterly basis to assess the need to record provisions or adjust the amount of raised provisions. Given the complexity of certain proceedings and the significant amount of Management's judgment in assessing the risks and financial repercussions for Société Générale, we consider that the assessment of the risk relating to legal, regulatory or arbitration proceedings involving Société Générale constitutes a key audit matter.	Our approach, which includes the involvement of tax experts, consisted in: ▪ obtaining an understanding of the litigation provision assessment process set up by the bank to evaluate litigation provisions; ▪ conducting interviews with the Group's legal and tax departments and the functions affected by the ongoing proceedings to monitor the development of the main legal proceedings and ongoing investigations by legal and tax authorities, and regulators; ▪ obtaining and reviewing available documentation such as: Management's position and the memos of the Group's legal and tax advisors; ▪ requesting confirmation from the lawyers in charge of the most significant proceedings; ▪ assessing the reasonableness of the assumptions used to determine the need for and the amount of provisions raised, in particular on the basis of information gathered from the Group's external advisers involved in the relevant cases; ▪ assessing the suitability of the information provided in the notes to the financial statements.

VALUATION OF EQUITY SECURITIES, OTHER LONG-TERM SECURITIES AND SHARES IN AFFILIATED COMPANIES

Risk identified	Our response
Equity securities, shares in affiliated companies and other long-term securities are recognized in the balance sheet for a net carrying amount of € 23 billion (including €3.4 billion in impairment). As stated in Note 2.1 "Securities portfolio" to the financial statements, they are recognized at their purchase price excluding acquisition costs. The bank must ascertain whether there is any indication that the securities may be impaired, and notably whether such impairment is taken into account in the forecasts made and the variables used to discount the resulting flows. The comparison of the net carrying amount of the securities with their recoverable amount is an essential factor in assessing the need for a potential impairment. As stated in Note 2.6.5 "Impairment of securities" to the financial statements, the recoverable amount is assessed at the value in use determined, for each security, with reference to a valuation method based on available information such as equity, profitability or the average stock market price of the last three months (for listed securities). Given the importance of the sensitivity of the models used to data variations and the assumptions on which the estimates are based, we considered the valuation of equity securities, other long-term securities and shares in affiliated companies to be a key audit matter.	Our audit approach is based on gaining an understanding of the control procedures concerning (i) impairment testing of equity securities, other long-term securities and shares in affiliated companies and (ii) the drawing up of the business plans in place at the level of each entity to understand future changes in Société Générale's structure and activities, and identify any indicators of impairment of these assets. With the support of experts in the valuation of financial instruments, works on the financial statements for the year ended December 31, 2022 consisted notably in: ▪ assessing, on a sample basis, the justification of the valuation methods and the figures used by Management to calculate values in use; ▪ analyzing the consistency of the business plans drawn up by the entities' finance departments on the basis of our understanding of the activities and projected results from previous financial years, in order to assess the reliability of the drawing-up of the business plans; ▪ critically analyzing the main assumptions and parameters used with regard to the available internal and external information (macro-economic scenarios, financial analysts' consensus, etc.); ▪ assessing the sensitivity analyses of the results to the key parameters, notably via comparison with multiples; ▪ testing, via sampling, the arithmetical accuracy of the value-in-use calculations used by the Société Générale. Lastly, we assessed the information concerning equity securities, other long-term securities and shares in affiliated companies published in Notes 1.4 "Use of estimates and judgment", 2.1 "Securities portfolio" and 2.6.5 "Impairment of securities" to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders except for the matter described below.

We have the following matter to report regarding the fair presentation and the consistency with the financial statements of the information relating to payment deadlines referred to in Article D. 441-6 of the French Commercial Code (*Code de commerce*): as stated in the management report, this information does not include bank and other related operations as your Company considers that such operations fall outside the scope of disclosable information.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights and cross-shareholdings has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

FORMAT OF PREPARATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by your Annual General Meeting held on April 18, 2003 for DELOITTE & ASSOCIES and on May 22, 2012 for ERNST & YOUNG et Autres.

As at December 31, 2022, DELOITTE & ASSOCIES and ERNST & YOUNG et Autres were in their twentieth and eleventh year of total uninterrupted engagement, respectively.

Previously, ERNST & YOUNG Audit had been statutory auditor of Société Générale from 2000 to 2011.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 made on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), 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 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 13, 2023

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Jean-Marc Mickeler	Maud Monin	Micha Missakian	Vincent Roty

7

SHARE, SHARE CAPITAL AND LEGAL INFORMATION

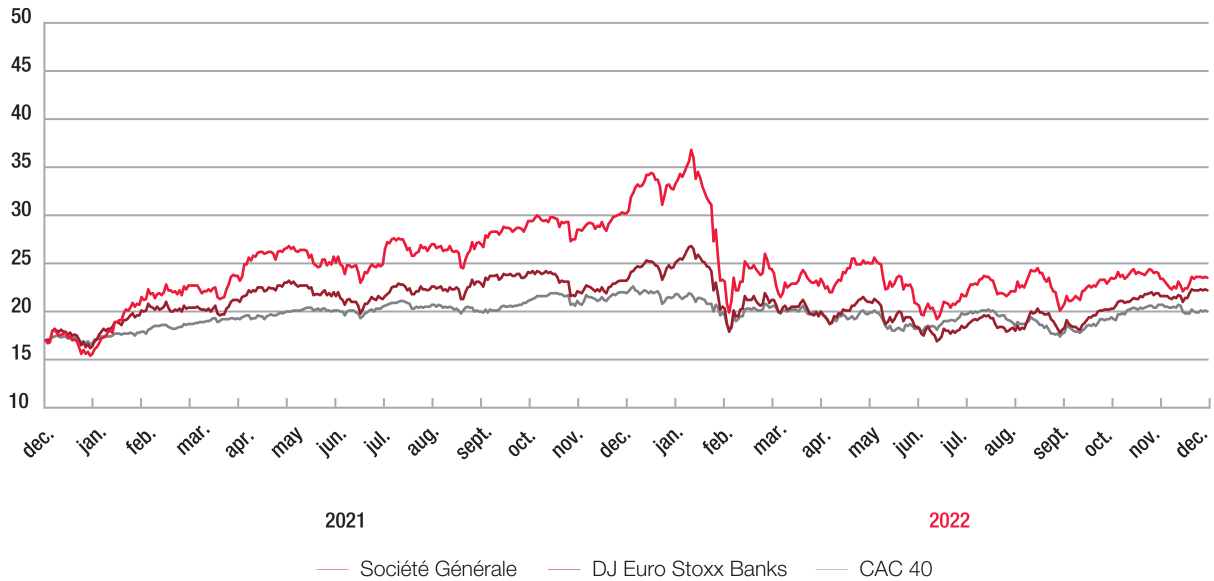
7.1 THE SOCIETE GENERALE SHARE

7.1.1 STOCK MARKET PERFORMANCE

Societe Generale's share price decreased by -22.3% between 31 December 2021 and 31 December 2022, closing at EUR 23.48 at 31 December 2022. Comparatively over the same period, the eurozone bank index (DJ EURO STOXX BANK) lost -4.6% , while the CAC 40 index gave up -9.5%.

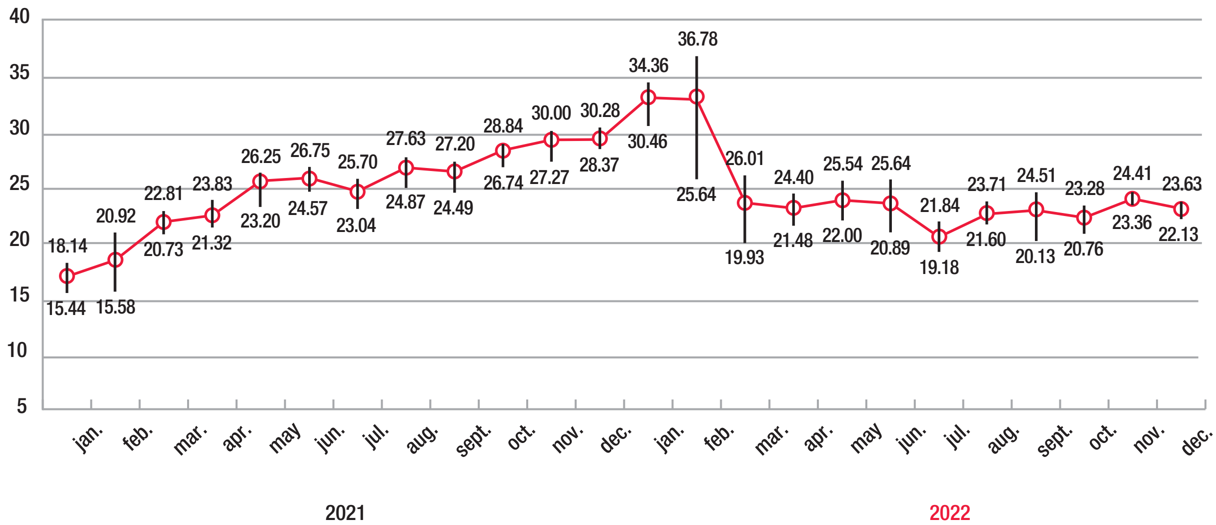
At 31 December 2022, Societe Generale Group's market capitalisation stood at EUR 20.0 billion, ranking it 28th among the CAC 40 stocks (26th at 31 December 2021), 26th in terms of free float (27th at 31 December 2021) and 12th among eurozone banks (10th at 31 December 2021). The market for the Group's shares remained highly liquid in 2022, with an average daily trading volume of EUR 108 million, representing a daily capital rotation ratio of 0.52% (versus 0.42% in 2021). In value terms, Societe Generale's shares were the 13th most actively-traded shares on the CAC 40 index.

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AT 31 DECEMBER 2020)



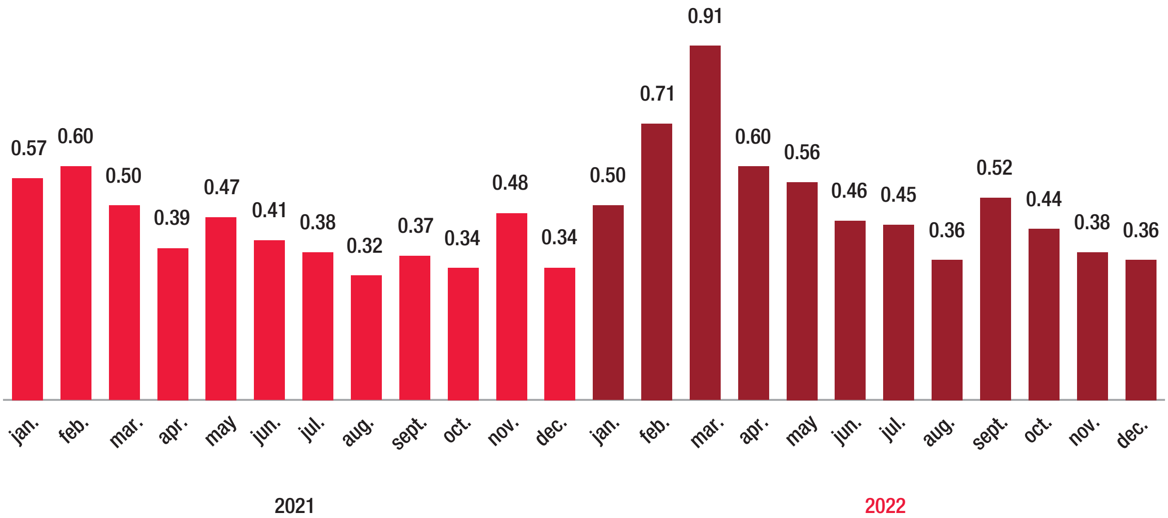
Source: Thomson Reuters Eikon

MONTHLY CHANGE IN SHARE PRICE (AVERAGE MONTHLY PRICE IN EURO)



Source: Thomson Reuters Eikon

TRADING VOLUMES (AVERAGE DAILY TRADING VOLUMES AS PERCENTAGE OF CAPITAL)



Source: Thomson Reuters Eikon.

7.1.2 TOTAL RETURN* FOR SHAREHOLDERS

The following table shows the cumulative and annualised average total return on investment for Societe Generale shareholders over different time periods ending 31 December 2022.

Duration of shareholding	Date	Cumulative total return*	Annualised average total return*
Since privatisation	8 July 1987	535.3%	5.3%
15 years	31 December 2007	-56.4%	-5.4%
10 years	31 December 2012	23.3%	2.1%
5 years	31 December 2017	-31.1%	-7.2%
4 years	31 December 2018	0.7%	0.2%
3 years	31 December 2019	-17.6%	-6.2%
2 years	31 December 2020	50.2%	22.6%
1 year	31 December 2021	-17.1%	-17.1%

* *Total return = capital gain + net dividend reinvested in shares.*
Source: Thomson Reuters Eikon

7.1.3 STOCK EXCHANGE LISTING

The Societe Generale share is listed on the Paris Stock Exchange (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and is also traded in the United States under an American Depository Receipt (ADR) programme (SCGLY).

7.1.4 STOCK MARKET INDICES

The Societe Generale share is a component stock of the CAC 40, STOXX All Europe 100, EURO, Euronext 100, MSCI PAN EURO, FTSE4Good Global and ASPI Eurozone indices.

7.1.5 2022 SHAREHOLDER DISTRIBUTION

The Board of Directors of Societe Generale, which met on 7 February 2023, decided to propose a cash dividend of EUR 1.70 per share to the Joint General Meeting of 23 May 2023. The dividend detachment will take place on 30 May 2023 and payment will occur from 1 June 2023.

The Group is planning to launch a share buyback programme totalling approximately EUR 440 million, i.e. the equivalent of EUR 0.55 per share. The implementation of the buyback programme is conditional on receiving the usual approvals.

7.1.6 HISTORY OF SHAREHOLDER DISTRIBUTION

	2022	2021	2020	2019	2018
Net dividends *(in EUR/share)*	1.70[5]	1.65[4]	0.55[3]	-	2.20
Share buyback *(EUR/share equivalent)*	0.55[5]	1.10[4]	0.55[3]	-	-
Payout ratio (%)[1]	36.9	50	-	-	51.8
Net yield (%)[2]	9.6	9.1	-	-	7.9

(1) Since 2020, the distribution rate has been calculated on the basis of the underlying diluted earnings.

(2) Distribution/closing price at end-December.

(3) 2020 shareholder distribution of EUR 1.10 per share, including a dividend in cash of EUR 0.55 per share and a share buyback programme equivalent to EUR 0.55 per share. The dividend per ordinary share and the payout rate were fixed on the basis of the 2019 and 2020 results restated for items not affecting the CET1 ratio, pursuant to the European Central Bank's recommendations. On this basis, the payout ratio is 14.2%.

(4) 2021 shareholder distribution of EUR 2.75 per share including a cash dividend of EUR 1.65 per share and a share buyback programme for EUR 914 million, equivalent to EUR 1.10 per share.

(5) Proposed 2022 shareholder distribution of EUR 2.25 per share including a cash dividend of EUR 1.70 per share (subject to the General Meeting on 23 May 2023) and a share buyback programme, equivalent to EUR 0.55 per share, EUR ~440 million (subject to the usual approvals from the General Meeting and the ECB).

Stock market data	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Share capital *(number of outstanding shares)*	849,883,778	853,371,494	853,371,494	853,371,494	807,917,739
Market capitalisation *(In EURbn)*	20.0	25.8	14.5	26.4	22.5
Earnings per share *(In EUR)*	1.73	5.97	-1.01	3.05	4.24
Book value per share at year-end *(In EUR)*	70.50	68.72	62.36*	63.70	64.63
Share price *(In EUR)*					
high	36.8	30.3	31.9	31.4	47.2
low	19.2	15.4	10.9	21.1	27.2
closing	23.5	30.2	17.0	31.0	27.8

* *Amount restated relative to the 2020 financial statements (See Note 1.7 of the financial statements).*

7.2 INFORMATION ON SHARE CAPITAL

7.2.1 SHARE CAPITAL

At 1 February 2023, Societe Generale's paid-up share capital amounted to EUR 1,010,261,206.25 and comprised 808,208,965 shares with a nominal value of EUR 1.25 per share.

As part of the Group's capital market activities, transactions may be carried out involving indices or underlying assets with a Societe Generale share component. These transactions do not have an impact on the Group's future capital.

7.2.2 SHARE BUYBACKS AND TREASURY SHARES

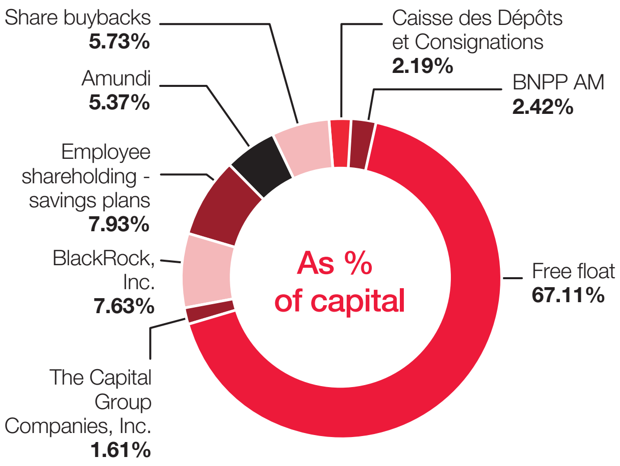
At 31 December 2022, Societe Generale held 48,737,016 treasury shares under its share buyback programme, representing 5.73% of its capital, of which 41,674,813 shares were cancelled on 1 February 2023.

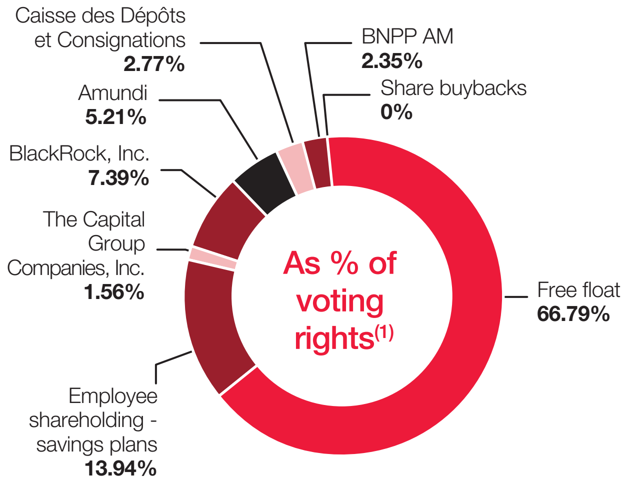
7.2.3 BREAKDOWN OF CAPITAL AND VOTING RIGHTS OVER THREE YEARS

	31.12.2022[1]				31.12.2021[2]			31.12.2020[3]		
	Number of shares	**% of capital**	**% of voting rights[4]**	**% of voting rights exercisable at GM[4]**	**Number of shares**	**% of capital**	**% of voting rights[4]**	**Number of shares**	**% of capital**	**% of voting rights[4]**
Employee shareholding - savings plans[6]	67,397,757	7.93%	13.20%	13.94%	56,760,755	6.65%	11.90%	58,613,941	6.87%	11.18%
BlackRock, Inc.	64,827,548	7.63%	7.00%	7.39%	60,585,876	7.10%	6.51%	70,013,241	8.20%	7.62%
The Capital Group Companies, Inc.	13,723,111	1.61%	1.48%	1.56%	65,313,266	7.65%	7.02%	61,449,710	7.20%	6.69%
Amundi	45,673,838	5.37%	4.93%	5.21%	43,050,669	5.04%	4.63%	43,075,072	5.05%	4.69%
Caisse des Dépôts et Consignations	18,582,218	2.19%	2.62%	2.77%	18,650,371	2.19%	2.62%	20,599,627	2.41%	2.86%
BNPP AM	20,558,422	2.42%	2.22%	2.35%	16,556,646	1.94%	1.78%	17,348,497	2.03%	1.89%
Dodge & Cox	-	-	-	-	-	-	-	3,481,360	0.41%	0.38%
Free float	570,383,868	67.11%	63.28%	66.79%	570,211,343	66.82%	63.14%	574,244,546	67.29%	64.20%
Share buybacks[5]	48,737,016	5.73%	5.26%	0.00%	22,242,568	2.61%	2.39%	4,545,500	0.53%	0.49%
TOTAL	**849,883,778**	**100%**	**100%**	**100%**	**853,371,494**	**100%**	**100%**	**853,371,494**	**100%**	**100%**
Calculation base		849,883,778	926,181,244	877,444,228		853,371,494	929,955,234		853,371,494	918,877,571

(1) At 31 December 2022, the share of European institutional shareholders in the capital was estimated at 41%.
(2) At 31 December 2021, the share of European institutional shareholders in the capital was estimated at 45%.
(3) At 31 December 2020, the share of European institutional shareholders in the capital was estimated at 47%.
(4) In accordance with Article 223-11 of the AMF's General Regulations, while voting rights are attached to share buybacks and treasury shares to calculate the total number of voting rights, but these shares do not give the right to vote at General Meetings.
(5) Including a buy-back of 41,674,813 shares for the purpose of cancelling them.
(6) Since January 1, 2021, the voting rights relating to the Société Générale shares included in the FCPE "Société Générale Actionnariat (Fonds E)" are exclusively exercised individually by the unitholders and for the fractional units forming fractional rights, by the Supervisory Board of this fund

The table above lists the shareholders which have issued a legal threshold-crossing declaration and those who have recently issued a statutory threshold-crossing declaration (since 19 May 2020).





(1) From 2006 and in accordance with with Article 223-11 of the AMF's General Regulations, while voting rights are attached to share buybacks and treasury shares to calculate the total number of voting rights, but these shares do not give the right to vote at General Meetings.

7.2.4 SHARE BUYBACKS

The General Meeting of 17 May 2022 authorised the Company to buy or sell its own shares with a view to (i) cancelling bought-back shares, (ii) granting, covering and honouring any free shares allocation plan, employee savings plan and any form of allocation for the benefit of employees and company officers of the Company or affiliated companies, (iii) granting shares when rights attached to convertible securities are exercised, (iv) holding and subsequently using shares in exchange or as payment for acquisitions, and executing a liquidity contract.

Share buyback programme, excluding liquidity contract

During 2022, Societe Generale purchased:

- 1,000 shares (EUR 0.02 million) for the purpose of exchanging them as part of the Crédit du Nord - Societe Generale merger. The share buyback took place on 8 August 2022 for an average share price of 22.97 euros;
- 41,674,813 shares (EUR 914.1 million) for the purpose of cancelling them. The share buyback took place from 8 August to 15 December 2022 included, for an average share price of 21.93 euros;
- 3,496,050 shares (EUR 105.7 million) in order to cover and honour the free share allocation plan for employees and company officers. The share buybacks took place between 3 and 14 January 2022, and between 16 December and 30 December 2022, for an average share price of EUR 30.25.

The transaction fees amounted to EUR 3.0 million.

The detailed and aggregated transactions are available on the Group website, in the Chapter 6, Regulated information.

As part of the Group's shareholder return policy, Societe Generale performed a capital reduction on 1 February 2022 by cancelling 16,247,062 of its own shares (for EUR 467.7 million). The cancellation of treasury shares took place after the buyback to cancel shares which occurred between 4 November and 17 November 2021 included.

Liquidity contract

Under the liquidity contract signed with Rothschild Martin Maurel on 22 August 2011, Societe Generale acquired 734,806 shares in 2022 for a value of EUR 19.7 million and sold 768,306 shares for a value of EUR 20.8 million.

The liquidity contract was temporarily suspended from 8 August to 31 December 2022 during the entire share buyback period.

At 31 December 2022, the liquidity contract account held zero (0) shares.

SUMMARY TABLE AT 31 DECEMBER

From 1 January to 31 December 2022	Purchases			Transfers/Disposals				
	Number		Purchase price	Number		Purchase price		Disposal/ transfer price
Cancellation	41,674,813	21.93	914,131,751	16,247,062	28.79	467,717,243		
Acquisitions	1,000	22.97	22,968					
Allocation to employees and company officers	3,496,050	30.25	105,745,530	2,396,853	23.35	55,969,916		
Liquidity contract	734,806	26.85	19,728,934	768,306	27.01	20,749,982	27.10	20,822,758
TOTAL	**45,906,669**	**22.65**	**1,039,629,183**	**19,412,221**	**28.05**	**544,437,140**	**27.10**	**20,822,758**

Percentage of capital held directly or indirectly	5.73%
Number of shares cancelled over the last 24 months	16,247,062
Number of shares held directly	48,737,016
Book value of shares held directly	1,124,263,048 EUR
Market value of shares held directly(1)	1,144,345,136 EUR

(1) The current value is equal to the average share price of the last month for available-for-sale listed securities.

At 31.12.2022	Number of shares	Nominal value *(in EUR)*	Book value *(in EUR)*
Societe Generale*	48,737,016	60,921,270	1,124,263,048
TOTAL	**48,737,016**	**60,921,270**	**1 124 263 048**

* *O/w zero shares were held under the liquidity contract at 31 December 2022.*

7.2.5 SHARE CAPITAL INFORMATION

Operation	Date of record or completion	Change	Number of shares	Share capital *(In EUR)*	Change in share capital resulting from operation *(%)*
Exercise of stock options from 1 January 2015 to 31 December 2015	Recorded on 8 January 2016	+139,651	806,239,713	1,007,799,641.25	+0.01
Free grant of shares to employees	Recorded on 31 March 2016	+1,264,296	807,504,009	1,009,380,011.25	+0.15
Exercise of stock options from 1 January 2016 to 31 December 2016	Recorded on 9 January 2017	+209,525	807,713,534	1,009,641,917.50	+0.02
Exercise of stock options from 1 January 2017 to 8 March 2017	Recorded on 11 December 2017	+204,205	807,917,739	1,009,897,173.75	+0.02
Increase through the exercise of the option for the payment of dividends in shares	Recorded on 12 June 2019	+39,814,909	847,732,648	1,059,665,810.00	+4.93
Increase through 2019 Company Savings Plan	Recorded on 1 August 2019	+5,638,846	853,371,494	1,066,714,367.50	+0.67
Cancellation of treasury shares	Recorded on 1 February 2022	(16,247,062)	837,124,432	1,046,405,540	-1.90
Increase through 2022 Company Savings Plan	Recorded on 18 July 2022	+12,759,346	849,883,778	1,062,345,722.50	+1.52
Cancellation of treasury shares	Recorded on 1 February 2023	(41,674,813)	808,208,965	1,010,261,206.25	-4.90

In 2023, the Board of Directors approved the principle of a Global Employee Share Ownership Plan for the second consecutive year.

7.2.6 SUMMARY STATEMENT OF TRANSACTIONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE

Summary statement published in compliance with Article 223–26 of the AMF General Regulation. For each person whose first and last names are given below, the transactions described include, where applicable, those reported by persons closely associated with that person.

	Type of transaction	Date	Amount *(In EUR)*
Philippe AYMERICH			
Deputy Chief Executive Officer	Acquisition of 9,986 Societe Generale shares	31.03.2022	-
Diony LEBOT			
Deputy Chief Executive Officer	Acquisition of 11,519 Societe Generale shares	31.03.2022	-
Frédéric OUDÉA			
Chief Executive Officer	Acquisition of 28,603 Societe Generale shares	31.03.2022	-

7.2.7 EXISTING AGREEMENTS BETWEEN SOCIETE GENERALE AND ITS SHAREHOLDERS

On 24 July 2000, Societe Generale entered into an agreement with Santander Central Hispano (which became “Banco Santander”) relating to the management of their cross-holdings. According to this agreement, Societe Generale and Santander Central Hispano each grant the other party a pre-emptive right to the shares held, directly or through a subsidiary, by each of the parties in the share capital of the other, although this right does not apply in the event of a public tender offer initiated by a third party for the shares of either party.

When it was initally signed, the duration of the agreement was three years, following which it has been subsequently renewed every two years.

This pre-emptive clause was published by the French Financial Markets Council (*Conseil des Marchés Financiers*) in Decision No. 201C1417 dated 30 November 2001. This agreement was still in force on 31 December 2022. However, at this date, Banco Santander no longer held any shares in Societe Generale and Societe Generale no longer held any shares in Banco Santander.

7.3 ADDITIONAL INFORMATION

7.3.1 GENERAL INFORMATION

Name

Societe Generale

Registered office

29, boulevard Haussmann, 75009 Paris (France)

Administrative office

17, cours Valmy, 92972 Paris-La Défense (France)

Postal address: Societe Generale, 17, cours Valmy, CS50318, 92972 Paris La Défense Cedex

Telephone number: +33 (0)1 42 14 20 00

Website: *www.societegenerale.com.* The information on the website does not form part of the Universal Registration Document.

Legal form

Societe Generale is a public limited company (*société anonyme*) established under French law that has the status of a credit institution.

Governing law

Societe Generale is a public limited company (*société anonyme*) governed by French commercial legislation, in particular by Articles L. 210-1 *et seq.* of the French Commercial Code, as well as by its By-laws.

Société Générale is a credit institution under French law authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution (“ACPR”), under the direct prudential supervision of the European Central Bank (“ECB”). As a company whose securities are admitted to trading on a regulated market and an investment services provider, Société Générale is also subject to supervision by the Autorité des Marchés Financiers (“AMF”).

Societe Generale is authorised to carry out all banking transactions and provide all investment services with the exception of the investment service of operating a multilateral trading facility (MTF) or an organised trading system (OTF). It is subject to the laws and regulations specific to the financial sector, in particular the provisions of the applicable European regulations, the articles of the Monetary and Financial Code and, where applicable, to local law provisions, in particular for its branches. It is also subject to compliance with a certain number of prudential rules and, as such, to the controls of the ECB, as well as of the ACPR in respect of the latter’s sphere of competence.

Date of incorporation and lifetime

Societe Generale was incorporated following a deed approved by decree dated 4 May 1864. The lifetime of Societe Generale, previously set at fifty years from 1 January 1899, was subsequently extended for ninety-nine years from 1 January 1949.

It will cease to exist on 31 December 2047, unless extended or dissolved early.

Corporate purpose

Article 3 of the Company’s By-laws describes the corporate purpose. Pursuant to the conditions determined by the laws and regulations applicable to credit institutions, the purpose of Societe Generale is to carry out with individuals or legal entities, in France and abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or related services referred to in Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, engage in all transactions other than those mentioned above, in particular insurance brokerage, as defined in the conditions set by the regulations in effect.

In general, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial or agricultural, security or property transactions, directly or indirectly related to the abovementioned activities or likely to facilitate their execution.

Identification

552 120 222 RCS PARIS

ISIN code (International Securities Identification Number): FR 0000130809

NAF (trade sector) code: 6419Z

LEI (Legal Entity Identifier): O2RNE8IBXP4R0TD8PU41

Corporate documents

Documents relating to the Company and in particular its By-laws, its accounts, the reports submitted to its General Meetings by the Board of Directors or the Statutory Auditors, are available at Tours Société Générale, 17 cours Valmy, 92972 Paris-La Défense (France).

The By-laws of Societe Generale are posted on the website under the Board of Directors tab.

Financial year

From 1 January to 31 December of each year.

Categories of shares and attached rights

Under Article 4 of the Company’s By-laws, the share capital is divided into 808,208,965 fully paid-up shares with a nominal value of EUR 1.25.

Double voting rights

In accordance with Article 14 of the Company’s By-laws, double voting rights are allocated, in relation to the amount of share capital represented by the shares in question, to all shares which are fully paid-up and which have been registered in the name of the same shareholder for at least two years from 1 January 1993, as well as to any new registered shares that may be freely allocated to a shareholder, in the event of a capital increase by incorporation of reserves, profits or premiums, on the basis of shares benefiting from this right.

According to the law, double voting rights cease for shares which have been converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfer through inheritance, liquidation of marital assets, donation *inter vivos* to a spouse or a direct relative entitled to inherit, does not result in the loss of rights and does not affect the minimum two-year vesting period. The same applies, unless otherwise stated in the Company's By-laws, in case of transfer following a merger or a spin-off of a shareholder company. The amendment to the regulations of Fund E as at 1 January 2021 has no effect on the calculation of the double voting rights of the shares in Fund E's assets.

Restriction on voting rights

In accordance with Article 14 of the Company's By-laws, the number of votes at General Meetings to be used by one shareholder, either personally or through a proxy, may not exceed 15% of the total voting rights existing at the date of the Meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided that each proxy complies with the 15% rule. For the purposes of applying this 15% limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 *et seq.* of the French Commercial Code. This limit ceases to apply when a shareholder comes to hold, following a public tender offer, either directly or indirectly or jointly with another shareholder, more than 50.01% of the Company's voting rights.

Disclosure of statutory threshold crossings

In accordance with the provisions of Article 6.2 of the Company's By-laws, any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the latter, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional 1% crossing of the company capital or of the voting rights must be notified to the Company as provided by Article 6.2 of the Company's By-laws.

Any person, acting either individually or in concert, is also required to inform the Company within four trading days if the percentage of their capital or voting rights falls below each of the thresholds described in Article 6.2 of the By-laws.

For the purposes of the obligations to disclose the crossings of statutory thresholds provided by Article 6.2 of the Company's By-laws, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalised in accordance with applicable laws, at the request of one or more shareholders holding at least 5% of the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

Convening and rules for attending General Meetings of Shareholders

Under Article 14 of the Company's By-laws, General Meetings are convened and deliberate in accordance with the conditions set forth by the laws and regulations in force. They meet at the registered office or in any other place in mainland France indicated in the convening notice. Such meetings are chaired by the Chairman of the Board of Directors or, failing this, by a Director appointed for this purpose by the Chairman of the Board of Directors.

Regardless of the number of shares held, any shareholder whose shares are registered under the terms and at a date set by decree, has the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. A shareholder may, in accordance with the laws and regulations in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, under the conditions set forth by the provisions of the laws and regulations in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless a shorter period is specified in the convening notice or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when provided for in the convening notice and subject to the conditions defined therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval of and under the terms set by the Board of Directors. Notice will be given in the notice of meeting and/or the convening notice.

In all General Meetings, the voting right attached to shares with a right of beneficial ownership is exercised by the beneficial owner.

Identifiable bearer securities

Societe Generale may at any time, in accordance with the provisions of the laws and regulations in force, request the organisation responsible for clearing the securities to provide information regarding the securities that grant the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these securities.

Employee shareholding

Following the amendments to the By-laws voted by the Combined General Meeting on 19 May 2020 and since the General Meeting of 18 May 2021, employee shareholders are represented on the Board of Directors by a Director, in addition to the two Directors representing all employees. The level of employee shareholding, calculated for the specific need of this new Director appointment represents 9.31% of the share capital at 31 December 2022, in accordance with the calculation methods provided in Article L. 225-102 of the French Commercial Code and with the stipulations of Article 6.5 of the By-laws,.

Following the amendments of the rules of the FCPE "Société Générale actionnariat (FONDS E)" decided on 16 April 2020, which came into force on 1 January 2021, in accordance with paragraph 3 of Article L. 214-165 II of the French Monetary and Financial Code, the voting rights relating to Société Générale shares included in the assets of this fund, corresponding to 11.43% of the voting rights at 31 December 2022, will be exclusively exercised individually by the unit holders and, for the fractional units forming fractional rights, by the Supervisory Board of this fund.

The last capital increase reserved for subscribers to the company savings plans or to that of Societe Generale Group was held on 18 July 2022. The operation, implemented under Resolution 23 of the Combined General Meeting of 19 May 2020, was offered throughout 44 countries, subscribed to by more than 46,000 people for a total of EUR 235.7 million and resulted in the issuance of 12,759,346 new shares, i.e. 1.5% of the share capital at the date of the operation. The principle of the capital increase, which was approved by the Board of Directors on 9 February 2022, was made public in the table setting out the use of financial delegations in Part 3.1.7 of the Universal Registration Document filed on 9 March 2022 with the French Financial Markets Authority (AMF - *Autorité des marchés financiers*), and subsequently reprised in various documents, including the Board of Directors' Report which presents the resolutions that are included in the Notice of Meeting brochure. The period and the subscription price of the capital increase were approved at the General Meeting of 17 May 2022. The Board of Directors' and Statutory Auditors' Reports were brought to the attention of the shareholders during the General Meeting and are permanently available on the French website dedicated to Societe Generale General Meetings[1]

Following the absorption of Crédit du Nord by Societe Generale on 1 January 2023, Societe Generale shares held by the employees of Crédit du Nord via the FCPE "Fonds G" fund will be held via the FONDS E fund from around 7 March 2023, and Fonds G will disappear at this date owing to its merger with FONDS E. At 31 December 2022, Societe Generale shares held in Fonds G represented 0.44% of the share capital and 0.71% of the voting rights.

(1) https://www.societegenerale.com/en/societe-generale-group/governance/annual-general-meeting

7.4 BY-LAWS

NAME – TYPE OF COMPANY – LIFETIME – REGISTERED OFFICE – PURPOSE

Article 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of 4 May 1864, and is approved as a bank.

The lifetime of Societe Generale, previously fixed at 50 years with effect from 1 January 1899, was later extended by 99 years with effect from 1 January 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to commercial laws, in particular articles L. 210-1 *et seq.* of the French Commercial Code, as well as these By-laws.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th arrondissement).

In accordance with current legislative and regulatory provisions, it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other entities.

Societe Generale may also, on a regular basis, as defined in the conditions set by the regulations in force, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial, agricultural, movable assets or real property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

CAPITAL – SHARES

Article 4

4.1 SHARE CAPITAL

The share capital amounts to EUR 1,010,261,206.25. It is divided into 808,208,965 fully paid-up shares, each with a nominal value of EUR 1.25.

4.2 CAPITAL INCREASE AND REDUCTION

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.

Any capital reduction motivated by losses shall be divided between shareholders in proportion to their share of the capital.

Article 5

Unless otherwise provided by legislative, regulatory or statutory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortized value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

6.1 FORM AND TRANSFER OF SHARES

The shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by legislative and regulatory provisions.

6.2 STATUTORY THRESHOLDS

Any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the Company, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company under the aforementioned conditions.

Any person, acting on his own or in concert, is also required to inform the Company within four trading days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

For the purposes of the three preceding subparagraphs, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalized in accordance with applicable laws, at the request of one or more shareholders holding at least a 5% in the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

6.3 SHAREHOLDERS' RIGHTS

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current By-laws.

6.4 EMPLOYEE SHAREHOLDING

Registered shares held directly by employees and governed by Article L. 225-197-1 of the French Commercial Code are taken into account in determining the proportion of capital held by employees in accordance with the legislative and regulatory provisions in force.

BOARD OF DIRECTORS

Article 7

I – DIRECTORS

The Company is managed by a Board of Directors made up of three categories of Directors:

1. Directors appointed by the Ordinary General Meeting of Shareholders

There are at least nine of these Directors, and thirteen at the most.

The term of office of Directors appointed by the Ordinary General Meeting is four years.

When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. Directors representing the employees elected by employees

The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are two Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one third of the Directors appointed by the General Meeting.

Their term of office is three years.

3. A Director representing employee shareholders appointed by The Ordinary General Meeting of Shareholders

The General Meeting appoints a Director representing employee shareholders.

The term of office is four years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be reelected, as long as they meet the legislative and regulatory provisions in force, particularly with regard to age.

This provision shall apply from the General Meeting convened to approve the accounts for the 2020 financial year.

II – METHODS OF ELECTING

1. Directors representing employees elected by employees

For each seat to be filled, the voting procedure is that set forth by the legislative and regulatory provisions in force.

The first Directors elected by employees will begin their term of office during the Board of Directors' meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of elected Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the minutes are drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralized results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By-laws are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organization may deviate from the practical organization and conduct of the election described herein.

2. Director representing employee shareholders appointed by the Ordinary General Meeting of Shareholders

When the legal conditions are met, a member of the Board of Directors representing employee shareholders is appointed by the Ordinary General Meeting in accordance with the terms and conditions set by the regulations in force and by these By-laws.

The term of office is identical to the terms of the other Directors appointed by the Ordinary General Meeting. The term of office is exercised by the candidate appointed, or by his replacement in the event of definitive termination, during the term of office, of the duties as Director of the candidate with whom he was appointed. The term of office ends automatically in the event of loss of the capacity of employee of the Company or of an affiliated company within the meaning of the regulations in force.

Candidates for appointment as Director representing employee shareholders are nominated by a single election of all employee shareholders, including holders of units of mutual funds invested in Societe Generale securities. The scope of voters and eligible candidates is defined by the regulations in force and these By-laws.

Employee shareholders may be consulted by any technical means that ensures the reliability of the vote, including electronic voting or postal ballot. Each elector has a number of votes equal to the number of shares he holds directly or indirectly through a mutual fund.

Every candidate must stand for election with a replacement who meets the same legal conditions of eligibility as the candidate. The replacement is called upon to replace the candidate for the remainder of the term of office. The candidate and his replacement shall be of different sexes.

Only candidacies presented by voters (i) representing at least 0.1% of the shares held directly or indirectly by employee shareholders and (ii) benefitting from 100 sponsorships of employees who vote, are admissible.

Minutes of the consultation are drawn up: they include the number of votes received by each of the candidates as well as a list of validly nominated candidates and replacements.

Only the two candidacies having obtained the highest number of votes cast during the consultation of employee shareholders shall be submitted to the vote of the Ordinary General Meeting.

The procedures relating to the organization and conduct of the consultation of employee shareholders and the appointment of candidates not defined by the regulations in force and these Articles of Association shall be determined by the Board of Directors, on the proposal of the General Management.

The Board of Directors presents the designated candidates and their replacements to the Ordinary General Meeting by means of separate resolutions, and approves, if necessary, one of the resolutions.

The Director representing employee shareholders and his replacement are appointed by the Ordinary General Meeting from among the validly nominated candidates and replacements. Under the quorum and majority conditions applicable to any appointment of a Director, the person who has received the highest number of votes cast by the shareholders present or represented at the Ordinary General Meeting shall be elected as Director.

The Director representing employee shareholders shall hold on a continuous basis, either directly or through a mutual fund, at least one share or a number of shares of such fund equivalent to at least one share. Failing this, he shall be deemed to have resigned automatically unless he has rectified his situation within three months.

In the event of the definitive termination of the mandate of the Director representing employee shareholders, his replacement, if he still meets the eligibility conditions, shall take up office immediately for the remainder of the term of office. If he is no longer a shareholder, he must rectify his situation within three months of taking office; failing this, he is deemed to have resigned at the end of this period.

In the event of a vacancy, for any reason whatsoever, in the office of the Director representing employee shareholders, the appointment of candidates to replace the Director representing employee shareholders shall be made under the conditions provided for in this article, at the latest before the meeting of the next Ordinary General Meeting or, if such meeting is held less than four months after the vacancy occurs, before the next Ordinary General Meeting. The Director representing employee shareholders so appointed to the vacant position shall be appointed for the duration of one term of office.

Until the date of replacement of the Director representing the employee shareholders, the Board of Directors may validly meet and deliberate.

In the event that, during the term of office, the conditions provided for by the regulations in force for the appointment of a Director representing employee shareholders are no longer met, the term of office of the Director representing employee shareholders shall end at the end of the Ordinary General Meeting at which the Board of Directors' report acknowledging this fact is presented.

III – NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time.

They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and supervises its implementation, in accordance with its corporate interest, taking into consideration the social and environmental stakes of its activity. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each Director with all documents and information required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfill their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Under the conditions provided for by the legislative and regulatory provisions in force, decisions falling within the powers of the Board of Directors as well as decisions to transfer the registered office within the same department may be taken by written consultation with the Directors.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Social and Economic Committee attend Board meetings, under the conditions laid down by the legislative and regulatory provisions in force.

At the request of the Chairman of the Board of Directors, members of the Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the legislative and regulatory provisions in force.

Article 12

Under the conditions provided for by the legislative and regulatory provisions in force, members of the Board may receive, for the term of their offices, a remuneration. the total amount of which shall be determined by the General Meeting and which shall be split among the Directors by the Board according to allocation principles submitted to the General Meeting.

GENERAL MANAGEMENT

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be vested with the most extensive powers to act under any circumstances on behalf of the Company. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the Company *vis-à-vis* third parties.

The Board of Directors sets the remuneration under the conditions provided for by the legislative and regulatory provisions in force and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration under the conditions provided for by the legislative and regulatory provisions in force. With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

Article 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's Head Office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by the legislative and regulatory provisions in force, have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. The shareholders may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the meeting.

Double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least two years as from 1 January 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for whom they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 *et seq.* of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company's voting rights following a public offering.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

SPECIAL MEETINGS

Article 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares deliberate as provided by applicable legislative and regulatory provisions and Article 14 herein.

STATUTORY AUDITORS

Article 16

The Statutory Auditors are appointed and carry out their duties according to the applicable legislative and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

Article 17

The financial year starts on 1 January and ends on 31 December.

The Board of Directors closes the financial statements for the year under the conditions set by the applicable legislative and regulatory provisions.

All other documents prescribed by the applicable legislative and regulatory provisions are also drawn up.

Article 18

The results for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by the legislative provisions in force to form a reserve fund until said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the shareholders in proportion to their stake in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to choose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions set by the legislative and regulatory provisions in force. A shareholder who exercises this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the shareholders' equity of the Company is or may subsequently become less than the minimum capital and reserves that may not be distributed by the legislative or statutory provisions.

FORUM SELECTION CLAUSE

Article 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the shareholders themselves, related to Company matters, shall be brought before the courts under the proper jurisdiction effective at the Company's registered office.

DISSOLUTION

Article 20

In the event that Societe Generale is wound up and unless otherwise provided for by the legislative and regulatory provisions in force, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

7.5 INTERNAL RULES OF THE BOARD OF DIRECTORS[1]

(Updated on 2 August 2022)

Preamble

The Board of Directors collectively represents all shareholders and acts in the corporate interest of Societe Generale (the "Company"), taking into consideration the social and environmental stakes of its activity. Each Director, regardless of the manner in which he/she was appointed, must act in all circumstances in the Company's corporate interest.

Societe Generale applies the AFEP-MEDEF Corporate Governance Code for listed companies.

As a credit institution listed on a regulated market, Societe Generale is subject to the provisions of the regulations, directives and other European texts applicable to the banking and financial sectors, the French Commercial Code, the French Monetary and Financial Code and the recommendations or guidelines of the European Banking Authority (the "EBA") included in national law, the French Prudential Supervisory and Resolution Authority (the "ACPR") and the *Autorité des marchés financiers* (the "AMF").

The purpose of these Internal Rules is to define the Board of Directors' organisation and operating procedures and to specify the rights and obligations of its members (the "Internal Rules").

The Board of Directors ensures that Societe Generale has a solid governance system including, in particular, a clear organisation ensuring a well-defined, transparent and coherent sharing of responsibilities, effective procedures for the detection, management, monitoring and reporting of risks to which the Company is or could be exposed, an adequate internal control system, sound administrative and accounting procedures and compensation policies and practices enabling and promoting sound and effective risk management.

Article 1: Powers of the Board of Directors

1.1 The Board of Directors shall deliberate on any issue falling within its legal or regulatory powers and devote sufficient time to perform its missions.

1.2 The Board of Directors is competent, the enumeration is not to be regarded as exhaustive, in the following areas:

a) Directions for the Group's activity

The Board of Directors determines the directions of the Group's activity, ensures their implementation by General Management and reviews them at least once a year; these directions incorporate the values and the Code of Conduct of the Group, which it approves, as well as the main thrusts of the policy adopted with respect to social and environmental responsibility, human resources, information systems and organisation.

b) Strategic operations

- approves the plans for strategic operations, in particular acquisitions or disposals, that may have a significant impact on the Group's earnings, its balance sheet structure or its risk profile.

This prior approval process concerns:

  - organic growth transactions of a unit amount higher than EUR 250 million and not already approved as part of the annual budget or the strategic plan,
  - external growth transactions of a unit amount higher than EUR 500 million or higher than EUR 250 million if these transactions do not fall within the development priorities approved in the strategic plan,
  - disposal transactions of a unit amount higher than EUR 250 million,
  - partnership transactions with a compensation *(soulte)* of an amount higher than EUR 250 million,
  - transactions substantially degrading the Group's risk profile.

The Chairman shall assess, on a case-by-case basis, the appropriateness of a referral to the Board of Directors to deliberate on a transaction that does not fall under the aforementioned circumstances.

During each Board of Directors' meeting, an update is made on the transactions concluded since the previous meeting, as well as on the main projects in progress and likely to be concluded before the next Board of Directors' meeting.

c) Risk management and control

The Board of Directors:

- approves the overall strategy and the appetite in terms of risks of any kind[2] and controls the implementation, including outsourced activities. To this end, it:
  - approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which the Group is or could be exposed,
  - ensures, in particular, the adequacy and effectiveness of the risk management systems,
  - approves, each year, the Group Risk Appetite Statement and the Group Risk Appetite Framework. It approves the overall risk limits,
  - approves the result of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP),
  - ensures the effectiveness of the corrective measures taken in the event of a failure and implements a specific process organising its information and, where applicable, its referral if risk limits are exceeded or in case of non-compliance with the action plans implemented in accordance with the rules described in the Group Risk Appetite Statement and the Group Risk Appetite Framework;
- approves the business continuity and operational resilience plans;
- adopts the preventive recovery plan communicated to the European Central Bank (ECB) and deliberates on any similar plan requested by another supervisory authority;

(1) This document does not form part of Societe Generale's By-laws.
(2) The typology of risks is that mentioned in the Group Risk Appetite Statement.

- draws up the elements necessary for the establishment of the resolution plan communicated to the competent supervisory authorities;
- determines the orientations and controls the implementation by the Effective Senior Managers[1] of the oversight systems in order to ensure effective and prudent management of the institution, in particular the separation of functions within the organisation of the Company and the prevention of conflicts of interest;
- has all relevant information on developments in risks of any kind incurred by the Company, including in relation to anti-money laundering and financing of terrorism. To do so, it determines, where applicable, with the assistance of its Committees, the volume, form and frequency of the information submitted to it;
- examines at least twice a year the activity and the results of internal control, in particular compliance control based on the information sent to it for this purpose by the Effective Senior Managers and the Heads of the second-level control and audit functions;
- approves the audit plan, as well as its amendments, after having heard a presentation by the Head of inspection and Audit and the recommendations of the Audit and Internal Control Committee;
- is the recipient of the annual report on internal control and debates it;
- concerning anti-money laundering and terrorism financing (AML-FT), it:
  - regularly reviews the policy, risk classification, systems and procedures, and their effectiveness,
  - is informed, at least once a year, of the activity and results of the internal controls in terms of AML-FT, incidents and shortcomings, as well as the corrective measures taken,
  - approves the annual report on the internal control of AML-FT systems;
- ensures the implementation of a system to prevent and detect corruption and influence peddling. It receives all of the necessary information for this purpose;
- approves the IT strategy;
- approves the information system security policy, including cybersecurity;
- approves outsourcing policies;
- approves the Group's investment services policy;
- examines, as necessary, the Group's draft responses to follow-up letters from supervisors;
- is informed of the system put in place concerning "whistleblowers" and developments in the system;
- examines, in accordance with regulations and the Group Risk Appetite Framework and the Group Risk Appetite Statement, compliance incidents and the corresponding action plans;
- approves the annual statement on modern slavery and human trafficking, reiterating key actions taken to prevent them, a statement established under the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018;
- carries out controls and verifications that it deems appropriate based on the Group's internal audit or by drawing on external consultants.

d) Financial statements, financial communication and financial projections

The Board of Directors, after having heard the Statutory Auditors as necessary:

- closes and ensures the accuracy and truthfulness of the annual and consolidated annual accounts and the quality of the information provided to the shareholders and the market;
- approves the Management Report, including the Non-Financial Performance Statement and the due diligence plan;
- controls the publication and communication process, the quality and reliability of the financial and non-financial information to be published and communicated by the Company;
- approves the budget and the financial trajectory.

e) Governance

The Board of Directors:

- appoints the Chairman;
- where applicable, a "lead" Director;
- appoints the Chief Executive Officer and, at the latter's proposal, the Deputy Chief Executive Officer(s);
- appoints the Effective Senior Managers;
- sets any limitations on the powers of the Chief Executive Officer and, on the proposal of the latter, the Deputy Chief Executive Officer(s);
- establishes once a year the succession plan for Executive Officers *(dirigeants mandataires sociaux)*;
- reviews the Group's internal governance system, ensuring a clear organisation with well-defined responsibilities that respect the independence of the control functions, and to this end becomes aware of the Group's legal, organisational and operational structure and ensures its compatibility with the Group's strategy; it periodically evaluates its effectiveness;
- deliberates on changes to the Group's management structures prior to their implementation and is informed of the main changes to its organisation;
- ensures that Executive Officers implement a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in the Group's management bodies;
- ensures the existence of a selection and appointment procedure for holders of key functions and is informed of the appointment of the Heads of Business Units or Service Units. Their succession plan is communicated to it;
- deliberates at least once a year on its operation and that of its Committees, on the skills, aptitudes and availability of its members and on the conclusions of their periodic assessment;
- regularly reviews the Internal Rules of the Board of Directors;
- prepares the corporate governance report presented to the General Meeting.

(1) This legal classification of "Effective Senior Managers" is understood only within the meaning of the banking regulations falling within the remit of the ECB and the ACPR. For Societe Generale, on the date of the last update of the Internal Rules, this is the Chief Executive Officer and the Deputy Chief Executive Officers.

f) Relations with control functions

The Board of Directors:

- ensures compliance with its obligations in terms of internal control, including compliance with banking and financial regulations on internal control and, in particular, reviews the activity and results of internal control at least twice a year;
- at least once a year, devotes an item on its agenda to each of the internal control functions (risk, compliance, audit) and hears their head;
- if necessary, in the event of changes in the risks affecting or likely to affect the Company, the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit may each report directly to the Board of Directors, without referring to the Effective Senior Managers;
- gives its opinion prior to the appointment of the Head of inspection and Audit, the Chief Risk Officer and the Head of Compliance;
- gives its opinion prior to the dismissal of the Head of inspection and Audit, the Chief Risk Officer and the Head of Compliance;
- gives its consent prior to the dismissal of the Chief Risk Officer;
- validates the Audit Charter;
- ensures the existence of standards documentation applicable within the Group and regularly updated.

g) Compensation of corporate officers (mandataires sociaux) and wage policy

The Board of Directors:

- distributes the overall amount of the Directors' compensation in accordance with article 18 of these Internal Rules;
- determines, without prejudice to the powers of the General Meeting, the compensation of the Executive Officers, in particular their fixed and variable compensation, including benefits in kind, awards of performance shares or any compensation instrument, as well as post-employment benefits;
- regularly draws up and reviews the principles of the compensation policy applicable in the Group, in particular with regard to:
  - **a.** the categories of personnel whose activities have a significant impact on the Group's risk profile and ensures that the internal control systems make it possible to verify that these principles comply with the regulations and professional standards and are aligned with the risk control objectives,
  - **b.** as well as employees who, in view of their overall income, are in the same compensation bracket as those whose professional activities have an impact on the Group's risk profile;
- validates each year, after consulting the Compensation Committee, the compensation of the heads of internal control functions (Head of inspection and Audit, Chief Risk Officer and Head of Compliance);
- deliberates once a year on the Company's policy regarding professional and wage equality between men and women;
- carries out the award of free performance shares, determines the identity of the beneficiaries and the number of shares awarded to each of them, and sets the conditions and criteria for the award of said shares;
- draws up, where applicable, the principle and terms of a capital increase reserved for members of one of the company savings plans within the Group.

Article 2: Composition of the Board of Directors

2.1 The composition of the Board of Directors aims to achieve a balance between professional and international experience, skills and independence, while respecting gender equality, diversity and a balance in terms of age and length of service within the Board. The composition of the Board of Directors reflects the increasingly international scope of the Group's activities and of its shareholding through the presence of a significant number of Directors of foreign nationality.

2.2 As such, among the Directors appointed by the General Meeting, the Board of Directors ensures compliance with a minimum proportion of 50% independent Directors[1]. To this end, the Board of Directors, in the report of its Nomination and Corporate Governance Committee, conducts an annual review of the situation of each of its members with regard to the independence criteria defined in the AFEP-MEDEF Code.

2.3 The Board of Directors verifies that the candidates proposed for renewal or appointment meet the conditions of competence and suitability and have the time necessary to perform their duties. The Board of Directors strives to comply with all of the conditions laid down by the EBA and the ECB as part of the "fit and proper" reviews.

2.4 The candidates, proposed by the Board of Directors at the General Meeting, have been selected beforehand by the Nomination and Corporate Governance Committee and have been interviewed as necessary.

2.5 The objectives set by the Board of Directors with regard to its composition and that of the Committees are reviewed each year by the Board of Directors and the Nomination and Corporate Governance Committee based on an annual assessment, the results of which are presented in the corporate governance report.

Article 3: Skills and aptitudes of the members of the Board of Directors

3.1 The members of the Board of Directors shall have at all times the good repute, knowledge, skills and experience necessary for the performance of their duties and, collectively, the knowledge, skills and experience necessary to understand the Company's activities, including the main risks to which it is exposed.

3.2 Each Director undertakes to improve his/her knowledge of the Company and its sector of activity on an ongoing basis.

(1) Societe Generale applies the rule of the AFEP-MEDEF Code, which excludes Directors elected by employees and the Director representing employee shareholders from the calculation.

Article 4: Availability of the members of the Board of Directors

4.1 The members of the Board of Directors shall devote sufficient time to the performance of their functions. Directors participate actively and attentively in meetings of the Board of Directors and the Committees.

4.2 The employee Directors have a fifteen-hour preparation time per meeting of the Board of Directors or of the Committee in question.

4.3 Under the conditions defined by the legislation in force, the Directors may hold, within any legal entity, only one executive directorship and two non-executive directorships or four non-executive directorships. For the purpose of this rule, directorships held within the same group are considered to be a single directorship. The ECB may authorise a member of the Board of Directors to perform an additional non-executive directorship.

4.4 Any Director holding an executive directorship in the Group must obtain the opinion of the Board of Directors before accepting a corporate office position in a company; the Director must comply with the procedure set out in article 8 “Conflicts of interest”.

4.5 The Director shall promptly inform the Chairman of any change in the number of directorships held, including his/her participation in a Committee of a Board or of a Supervisory Board, as well as any change in professional responsibility.

He/she undertakes to let the Board of Directors decide whether he/she should continue to serve as a Director in the event of a significant change in his/her professional responsibilities or directorships.

He/she undertakes to resign from his/her directorship when he/she no longer considers himself/herself able to perform his/her duties within the Board of Directors and the Committees of which he/she is a member.

The Universal Registration Document reports on the attendance of Directors at meetings of the Board of Directors and the Committees.

4.6 The Directors shall attend the General Meetings of Shareholders.

Article 5: Ethics of the members of the Board of Directors

5.1 The Director takes note of the general or specific obligations incumbent on him/her, in particular legal or regulatory texts, the By-laws, the recommendations of the AFEP-MEDEF Code and the Internal Rules of the Board of Directors.

5.2 The Director keeps, in all circumstances, his/her independence of analysis, judgement, decision and action. He/she freely expresses his/her positions, possibly minority positions, on the subjects discussed in the session.

5.3 He/she undertakes not to seek, accept or receive any benefit or service likely to compromise his/her independence.

5.4 Each member of the Board of Directors is bound by a duty of care as to the retention, use and, where applicable, return of the tools, documents and information made available.

5.5 Each Director must comply with the provisions of the rules on market abuse, in particular those relating to the communication and the use of inside information with regard to Societe Generale shares, debt securities and derivative instruments or other financial instruments related to the Societe Generale share (hereinafter, Financial Instruments). He/she must also comply with these same rules for Financial Instruments of his/her subsidiaries or listed investments or companies on which he/she may hold inside information received as a result of his/her participation in the Board of Directors of Societe Generale.

5.6 Directors shall abstain from intervening on the market of Societe Generale Financial Instruments during the 30 calendar days preceding the publication of Societe Generale’s quarterly, half-yearly and annual results, as well as on the day of said publication.

They shall refrain from carrying out speculative or leveraged transactions on Societe Generale Financial instruments or those of a listed company controlled directly or indirectly by Societe Generale within the meaning of article L. 233-3 of the French Commercial Code.

They shall inform the Secretary of the Board of Directors of any difficulty they may encounter in enforcing the above.

5.7 In accordance with the regulations in force, Directors and persons closely associated with them must report to the French Financial Markets Authority (AMF) the transactions carried out on Societe Generale Financial instruments.

A copy of this statement is also sent to the Secretary of the Board of Directors.

5.8 The director informs the Chairman of the Board of Directors of any criminal or civil conviction, administrative or disciplinary sanction, any indictment, incrimination and/or public sanction, in particular for fraud or giving rise to a prohibition to manage or administer against him/her, as well as of any bankruptcy, receivership, liquidation or placement of companies under judicial administration in which he/she has been or is likely to be associated with or be the subject of. He/she shall inform him/her of any dismissal for professional misconduct or of any revocation of a corporate office position of which he/she is subject. He/she also informs him/her of any legal, administrative or disciplinary proceedings brought against him/her if he/she is likely to potentially undermine the regulatory requirement of good repute or that of probity.

Article 6: Confidentiality

6.1 Each Director and any person involved in the work of the Board of Directors are bound by an absolute obligation of confidentiality with regard to the content of the discussions and deliberations of the Board of Directors and its Committees, as well as the information and documents presented or communicated to them, in any form whatsoever.

6.2 They are prohibited from communicating to anyone outside the Board of Directors any information that is not made public by the Company.

6.3 They shall assume an obligation of vigilance, circumspection and confidentiality.

Article 7: Duty of loyalty

7.1 Each Director has a duty of loyalty to the Company. Under no circumstances must he/she act for his/her own interest against the interest of the Company.

7.2 This loyalty implies absolutely that the Director does not act against the Company in the interest of a person or entity with which he/she would be bound, for example as parent, shareholder, creditor, employee, corporate officer or permanent representative.

7.3 This loyalty implies transparency with regard to the members of the Board of Directors, in order to ensure compliance with the essential principle of collegiality of this body.

Article 8: Conflicts of interest

8.1 The Director shall inform the Secretary of the Board of Directors by letter or email of any conflict of interest, including potential, in which he/she may be directly or indirectly involved. He/she shall refrain from participating in any discussion and voting on such matters.

8.2 The Chairman is in charge of managing conflict of interest situations of the members of the Board of Directors. Where appropriate, he/she refers the matter to the Nomination and Corporate Governance Committee. Regarding conflicts that could affect him/her personally, he/she refers to the Chairman of the Nomination and Corporate Governance Committee.

If necessary, the Chairman may invite a Director having a conflict of interest not to attend the deliberation.

8.3 The Director shall inform, by letter or email, the Chairman of the Board of Directors and the Chairman of the Nomination and Corporate Governance Committee of his/her intention to accept a new corporate office position, including his/her participation in a Committee in a company not belonging to a group of which he/she is Director or officer, in order to enable the Board of Directors, based on the proposal of the Nomination and Corporate Governance Committee, to decide where appropriate that such an appointment would be inconsistent with the directorship in Societe Generale.

8.4 Each Director shall make a sworn statement as to the existence or otherwise of the situations referred to in 5.8 and 8.1: (i) upon taking up his/her office, (ii) each year in response to the request made by the Secretary of the Board of Directors upon the preparation of the Universal Registration Document, (iii) at any time if the Secretary of the Board of Directors requests it and (iv) within 10 working days following the occurrence of any event that renders the previous statement made by him/her in whole or in part inaccurate.

8.5 In accordance with article L. 511-53-1 of the French Monetary and Financial Code, Societe Generale and the entities of the Societe Generale Group keep up to date and at the disposal of the ACPR the appropriate documentation concerning all of the loans granted by Societe Generale or an entity of the Group to each Director and their related parties. In addition to the legal provisions, where applicable, relating to regulated agreements requiring prior authorisation from the Board of Directors in which the interested party does not take part, an internal procedure within the Group dedicated to loans granted to these persons is established and reviewed by the Nomination and Corporate Governance Committee; its effective implementation is subject to internal controls and information from the Board of Directors when anomalies are identified.

Article 9: The Chairman of the Board of Directors

9.1 The Chairman convenes and chairs the Board of Directors meetings. He/she sets the timetable and agenda of the meetings. He/she organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He/she chairs the General Meetings of Shareholders.

9.2 The Chairman ensures the proper functioning of the Company's bodies and the implementation of the best corporate governance practices, in particular as regards the Committees set up within the Board of Directors, which he/she may attend without the right to vote. He/she may submit questions for the consideration of these Committees.

9.3 He/she receives all information relevant to his/her missions. He/she is regularly informed by the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, of significant events relating to the life of the Group. He/she may request the disclosure of any information or document that may inform the Board of Directors. For the same purpose, he/she may hear the Statutory Auditors and, after having informed the Chief Executive Officer, any Group senior manager.

9.4 He/she may ask the Chief Executive Officer or any manager, and in particular the heads of the control functions, for any information likely to inform the Board of Directors and its Committees in the performance of their mission.

9.5 He/she may hear the Statutory Auditors with a view to preparing the work of the Board of Directors.

9.6 He/she ensures that the Directors are in a position to fulfil their missions and ensures that they are properly informed.

9.7 He/she is the only person authorised to speak on behalf of the Board of Directors, except in exceptional circumstances or with a specific mandate entrusted to another Director.

9.8 He/she devotes his/her best efforts to promote in all circumstances the values and the image of the Company. In consultation with General Management, he/she may represent the Group in its high-level relations, in particular with major clients, regulators, major shareholders and public authorities, both domestically and internationally.

9.9 He/she has the material resources necessary for the performance of his/her missions.

9.10 The Chairman has no executive responsibilities, these responsibilities being exercised by General Management, which proposes and applies the Company's strategy, within the limits defined by law and in compliance with the corporate governance rules and directions set by the Board of Directors.

Article 10: The Secretary of the Board of Directors

10.1 Pursuant to article 11 of the By-laws, the secretary of the Board of Directors shall be a member of the management appointed by the Chairman as Secretary of the Board of Directors.

10.2 In the absence of the Secretary of the Board of Directors, the Chairman appoints a member of the Board of Directors or a third party to replace him/her.

10.3 The Secretary of the Board of Directors assists the Chairman in the performance of his/her duties, in particular in the organisation of the work of the Board of Directors and the definition of the timetable and agenda of the meetings of the Board of Directors.

10.4 The Secretary of the Board of Directors:

- ensures compliance with the procedures relating to the functioning of the Board of Directors;
- with the assistance of General Management, ensures the quality and production, within sufficient time, of the files submitted to the Board of Directors;
- is responsible for sending the work files sent to the Directors and ensures that they are complete and transmitted within the appropriate time limits in accordance with article 11 of the Internal Rules;
- is responsible for the secure IT platform made available to the Directors;
- attends meetings, executive sessions and seminars of the Board of Directors;

- ensures the keeping of an attendance register, signed by the Directors participating in the meeting of the Board of Directors and which mentions the names of the Directors deemed present pursuant to article 11 of the Internal Rules;
- is authorised to issue and certify as true copies or extracts of minutes;
- keeps the document on the status of requests made by the Board of Directors up to date.

10.5 The Secretary of the Board of Directors shall set up, in accordance with the guidelines of the Nomination and Corporate Governance Committee, the annual assessment of the work of the Board of Directors.

10.6 The Secretary of the Board of Directors shall organise, in conjunction with the Chairman, the preparation of the Annual General Meeting of Shareholders with the assistance of the General Secretariat.

10.7 He/she is available to the Directors for any request for information concerning their rights and obligations, the functioning of the Board of Directors or the everyday operations of the Company.

10.8 The Secretary of the Board of Directors relies on the General Secretariat in the performance of his/her mission, including the following topics:

- review of the legal and regulatory obligations of the Board of Directors;
- collecting the necessary information relating to corporate officers required by French or foreign regulations and the implementation of the corresponding procedures;
- calculation and payment of Directors' compensation, input of Single Tax Statements;

10.9 The secretarial services of each Committee are provided, under the supervision of the Chairman of each of the Committees, by the Secretary of the Board of Directors or a person designated by the latter.

Article 11: Meetings of the Board of Directors

11.1 Timetable, agenda, duration:

a) the Board of Directors meets as often as required by the corporate interest and at least eight times per year;

b) except in exceptional circumstances, the provisional dates of meetings are set no later than twelve months before the start of the year;

c) the provisional agenda of the meetings of the Board of Directors for the year shall be set no later than 1 January;

d) the agenda of each meeting and the duration devoted to each subject are subject to prior approval by the Chairman;

e) in order to establish the agenda, priority is given to issues requiring a decision by the Board of Directors, in particular strategic points and risk management. The Chairman shall ensure that subjects that have only an informative purpose are, if possible, addressed either during seminars or during training;

f) the frequency and duration of meetings of the Board of Directors must be such that they enable a review and discussion of each of the topics or dashboards falling within the competence of the Board of Directors, including when preparation work has been done by a Committee.

11.2 Quorum:

a) in accordance with article 11 of the By-laws, in all cases, Board of Directors decisions shall only be deemed valid where at least half of the members are present;

b) directors who participate in a meeting of the Board of Directors by means of videoconference or telecommunication enabling their identification and guaranteeing their effective participation shall be deemed present for the calculation of the quorum and the majority. To this end, the means chosen shall transmit at least the voice of the participants and comply with technical characteristics enabling the continuous and simultaneous transmission of the deliberations.

This provision does not apply when the Board of Directors is convened to carry out the work for establishing and adopting the annual and consolidated annual accounts and the Management Report unless, after the last date on which these Internal Rules are updated, new legal provisions come into force authorising in these cases participation in meetings of the Board of Directors by video conference or telecommunication means.

A Director who participates by video conference or telecommunications shall ensure that the confidentiality of the debates is preserved;

c) in accordance with the By-laws, every Director may give his/her proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board of Directors.

11.3 Notification of Board meetings.

The possible authors of a notice of a Board of Directors meeting are defined in article 10 of the By-laws.

Convening notices, which may be transmitted by the Secretary of the Board of Directors, are sent by letter, fax, email or by any other means, including verbally.

The delegate of the Central Social and Economic Committee attends the meetings of the Board of Directors under the conditions provided for by the regulations.

At the decision of the Chairman, the Deputy Chief Executive Officers or other Group senior managers or, where relevant, external persons whose attendance is useful to the deliberations may attend all or part of the meetings of the Board of Directors. These persons are subject to the same rules of ethics, confidentiality, loyalty and ethics as Directors.

11.4 Preparation of the Board of Directors' files.

The files, previously validated by General Management under the conditions it determines, are, except in an emergency, sent by the Secretary of the Board of Directors no later than seven calendar days before the meeting of the Board of Directors.

The files sent to the Board of Directors contain:

i. the indication that the file is sent for debate, guidance or decision;

ii. the name of the member of the General Management who validated it and the BU/SU author of the document;

iii. where applicable, the legal or regulatory references justifying the review by the Board of Directors;

iv. a summary;

v. an indication of the points to which the attention of the Board of Directors is particularly drawn;

vi. information on the social and environmental issues to be taken, where applicable, into consideration by the Board of Directors;

vii. where applicable, the text of the draft decision of the Board of Directors;

viii. relevant supporting document in appendix.

A file template is available from the Secretary of the Board of Directors.

When a subject requires a formal opinion from the risk, compliance or audit function, this opinion must be the subject of a separate note added as an appendix to the file. As part of the preparation, the Chairman of the Board of Directors may hear the heads of the control functions.

11.5 Holding of meetings.

In accordance with article 11 of the By-laws, Board meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by a Director designated for this purpose at the beginning of the meeting.

At the beginning of the meeting, the Chairman of the meeting:

- mentions, where applicable, the Director responsible for introducing a file on the agenda;
- systematically indicates the nature of the conclusion following the consideration of each item on the agenda (for discussion, orientation, or decision); and
- in the event of a request for approval by the Board of Directors, indicates whether there will be a formal vote.

On each item on the agenda, the Chairman leaves each Director the necessary speaking time in accordance with the indicative time provided for in the agenda.

In accordance with article 11 of the By-laws, resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

11.6 Minutes.

Each of the deliberations of the Board of Directors is reported in minutes drawn up by the Secretary of the Board of Directors. The minutes include a summary of the discussions and deliberations. They mention the questions raised or the reservations stated by the participants, grouping them together by theme if possible. They specify the guidelines or decisions adopted by the Board of Directors.

Each set of minutes of the Board of Directors are approved at a subsequent meeting of the Board of Directors.

They are then transcribed in a special register in accordance with the legislation in force.

11.7 Statement of requests from the Board of Directors.

When the Board of Directors sends requests, they are formalised in a document, which contains an expected target response date and, where applicable, the BU(s) or SU concerned for each request.

This document is regularly updated and sent to the Board of Directors at each of its meetings.

It compiles the previous requests that have not yet received a response and mentions the requests that have received a response, indicating the date of the response sent.

Article 12: Executive session

The Directors meet at least twice a year in an executive sessions, with the exception of Executive Officers and Directors who have an employee status.

It is up to the Chairman to assess, in view of the subject(s) addressed, whether the Chief Executive Officer can be convened to participate in all or part of an executive session.

It is also up to the Chairman to assess, in view of the subjects addressed, whether Directors with employee status may be convened to an executive session for all or part of this session, particularly if the performance of the Executive Officers is assessed at this meeting.

This meeting is convened and chaired by the Chairman of the Board of Directors if he/she has the status of independent Director or, failing that, by the lead director.

This meeting includes an agenda decided by the Chairman, who leaves room for various matters at the directors' initiative.

Article 13: Seminar

13.1 At least once a year, the Board of Directors shall meet in working sessions, which may be held either on the premises or outside the Company's premises. In addition to the members of the Board of Directors, the General Management, the Head of Strategy and the Chief Financial Officer participate in this seminar. The heads of BU/SU are present where necessary.

13.2 The purpose of this seminar is notably to review the banking environment, the Group's main business lines and its competitive environment. Where applicable, a summary of the guidelines is drawn up and submitted for approval at the next Board meeting.

Article 14: Information of the Board of Directors

14.1 Tools.

The Chairman or the Chief Executive Officer shall provide each Director and non-voting Director *(censeur)* with all of the information and documents necessary for the performance of his/her missions; he/she is provided with computer equipment enabling easy access to them. All protective measures deemed necessary are taken to preserve the confidentiality, integrity and availability of information and each member of the Board of Directors or any person who has received the documentation is responsible not only for the tools and materials thus made available to him/her but also for his/her access.

14.2 Information received.

Effective Senior Managers shall inform the Board of Directors of all significant risks, risk management policies and changes made to them.

Meetings of the Board of Directors and the Committees are preceded by the online publication or availability in due course of a file on the agenda items that require special analysis and prior reflection whenever the respect of confidentiality so permits.

Moreover, between meetings, Directors shall receive all useful information, including critical information, about events or transactions significant for the Company. In particular, they shall receive press releases issued by the Company.

14.3 Information requested.

In order to contribute effectively to the meetings of the Board of Directors and to enable it to make an informed decision, each Director may request to be provided by the Chairman or the Chief Executive Officer all of documents and information necessary for the performance of his/her mission, as long as they are useful for decision-making and related to the powers of the Board of Directors.

Requests are sent to the Chairman, who directly relays the requests either to the Chief Executive Officer or through the Secretary of the Board of Directors.

When the Chief Executive Officer considers it preferable, for reasons of confidentiality, the documents thusly made available to the Director and to any person attending the meetings of the Board of Directors are consulted with the Secretary of the Board of Directors or with the relevant Group employee.

Article 15: Training of Directors

15.1 Training of all Directors.

The Company devotes the necessary human and financial resources to the training of the Directors, particularly in the banking and financial field. Annual training is provided by the Company, during which the members of the Board of Directors meet the managers of the topics presented. The seminars mentioned in article 13 are also an opportunity to supplement the Directors' training, particularly on subjects relating to changes in the environment of the Group's activity.

Two types of training are held each year:

- training related to the specifics of the Bank's business lines, the regulations applicable to them (banking, prudential and financial); and
- training relating to risks, including emerging risks.

Several training sessions are held each year, with a number of hours adapted to the Directors' needs and with a minimum of five sessions of two hours.

Each Director may, on his/her appointment or throughout his/her term of office, receive any training that he/she deems necessary for the performance of the corporate office position. He/she submits a request to the Secretary of the Board of Directors.

These training sessions shall be organised by the Company, which shall bear their costs.

15.2 Training of employee Directors.

This enables the acquisition and improvement of the knowledge and techniques necessary for the performance of their corporate office position.

It focuses on the role and functioning of the Board of Directors, the rights and obligations of the Directors and their responsibilities, and the organisation and activities of the Company.

Employee Directors receive 40 hours of training per year (including training time dedicated to the entire Board of Directors).

The time spent on training is deducted from actual working time and remunerated as such on the normal expiry date.

The Secretary of the Board of Directors reports on, for validation by the Board of Directors during the first half of the year of the beginning of the term of office of each of the employee Directors:

- the content of the training programme after obtaining the opinion of the employee Director; and
- the entities responsible for providing the training.

At the end of the training, the training centre chosen by the Board of Directors must issue a certificate of attendance that the employee Director must submit to the Secretary of the Board of Directors.

Article 16: Annual assessment

The Board of Directors annually reviews its operations in the form of an assessment. As part of this process, an annual assessment of each of the Directors is also carried out.

This assessment is carried out every three years by a specialised external consultant.

In other years, this assessment is carried out based on:

- individual interviews with the Chairman of the Board of Directors and the Chairman of the Nomination and Corporate Governance Committee; and
- questionnaires prepared by the Nomination and Corporate Governance Committee.

The Board debates the views and opinions stated. It draws conclusions from this in order to improve the conditions under which its work and the work of its Committees is prepared and organised.

The findings of the review are made public in the assessment part of the corporate governance report.

Article 17: The Committees of the Board of Directors

17.1 In certain areas, the Board of Directors' deliberations are prepared by specialised Committees composed of Directors appointed by the Board of Directors, which examine the subjects within their remit and submit their opinions and proposals to the Board of Directors. Apart from the Audit and Internal Control Committee, regarding the selection of Statutory Auditors and on the authorisation of services other than the certification of the financial statements, they never have decision-making power. Each file presented mentions the nature of the decision to be taken by the Board of Directors.

17.2 These Committees are comprised of members of the Board of Directors who do not hold any executive function within the Company and who have suitable knowledge for the performance of the missions of the Committee in which they participate.

17.3 The Chairman of the Nomination and Corporate Governance Committee is appointed by the Board of Directors.

The Chairmen of the other Committees are appointed by the Board of Directors at the proposal of the Nomination and Corporate Governance Committee.

All Committee chairs are appointed from among the independent Directors.

17.4 These Committees may decide, as necessary, to involve other Directors without voting rights in their meetings.

17.5 They have the necessary resources to carry out their duties and act under the responsibility of the Board of Directors.

17.6 In the exercise of their respective powers, they may request the communication of any relevant information, hear the Chief Executive Officer, the Deputy Chief Executive Officers and the Group's management executives and, after informing the Chairman, request the conduct of external technical studies, at the Company's expense. They subsequently report on the information obtained and the advice collected.

17.7 Each Committee defines its annual work programme validated by the Chairman of the Committee. The frequency and duration of Committee meetings must be such that they enable an in-depth review and discussion of each of the subjects or dashboards within the competence of the Committees. The agendas and the duration devoted to each subject are subject to prior approval by the Chairman.

17.8 As for meetings of the Board of Directors, the timetable and agenda of the meetings shall be set by the Chairman of the Committee at the latest, except in exceptional circumstances, on 1 January, with the ability to add meetings and items to the agenda of the meetings as necessary. The minimum number of meetings of each of the Committees is specified in their respective charters.

17.9 There are four standing Committees:

- the Audit and Internal Control Committee;
- the Risk Committee;
- the Compensation Committee,
- the Nomination and Corporate Governance Committee.

The Risk Committee also acts as a US Risk Committee. A dedicated charter appended to these Internal Rules defines its mission, composition, organisation and operation. The Chairman of the Risk Committee reports on his/her work to the Board of Directors, which validates this work.

17.10 By decision of the Chairmen of the Committees concerned, joint meetings between the Committees may be organised on topics of common interest. These meetings are co-chaired by the Chairmen of the Committees.

17.11 The Board may create one or more *ad hoc* committees.

17.12 The Risk Committee, the Compensation Committee and the Nomination and Corporate Governance Committee may perform their missions for Group companies on a consolidated or sub-consolidated basis.

17.13 The secretarial services of each Committee are provided by the Secretary of the Board of Directors or a person appointed by the Secretary of the Board of Directors.

The Secretary of the Committee shall prepare the minutes of the meetings, which are kept in the archives specific to each Committee.

17.14 The Chairman of each Committee produces a detailed report for the Board of Directors, stating the subjects examined by the Committee, the issues discussed and the recommendations made with the decisions of the Board of Directors in mind. A written report of the Committees' work is made available to the members of the Board of Directors.

Each Committee shall give an opinion to the Board of Directors on the part of the Universal Registration Document dealing with the issues falling within its scope of activity and prepare an annual Activity Report, submitted to the Board of Directors' approval, to be inserted in the Universal Registration Document.

17.15 The missions, composition, organisation and functioning of each Committee are defined by a dedicated charter. These charters are appended hereto. The subjects that may be dealt with jointly by the Risk Committee and the Audit and Internal Control Committee are indicated by an asterisk (*).

Article 18: Directors' compensation

18.1 The overall amount of the Directors' compensation is set by the General Meeting. The Board of Directors may decide to only partially use it. It may decide to allocate a budget for specific tasks or temporary workload increases for some members of the Board of Directors or of Committees.

18.2 The Chairman and the Chief Executive Officer, when he/she is also a Director, do not receive this compensation.

18.3 As from 1 May 2018, the amount of allocated compensation is reduced by a sum equal to EUR 200,000 to be distributed between the members of the Risk Committee and the members of the Audit and Internal Control Committee gathered as the US Risk Committee. This amount is distributed in equal portions, except for the Chairman of the Risk Committee, who has two portions.

The balance is then reduced by a lump sum of EUR 130,000 distributed between the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

18.4 The balance is divided into 50% fixed, 50% variable. The number of fixed portions per Director is 6. Additional fixed units are allocated as follows:

- Chairman of the Audit and Internal Control Committee or of the Risk Committee: 4 portions;
- Chairman of the Nomination and Corporate Governance Committee or of the Compensation Committee: 3 portions;
- Member of the Nomination and Corporate Governance Committee or of the Compensation Committee: 0.5 portions;
- Member of the Audit and Internal Control Committee or of the Risk Committee: 1 portion.

Fixed shares may be reduced in proportion to the actual attendance when the attendance over the year is below 80%.

18.5 The variable portion of the compensation is divided up at the end of the year, in proportion to the number of meetings or working meetings of the Board of Directors and of each of the Committees which each Director has attended.

Executive sessions, work seminars and training are not counted as meetings of the Board of Directors and do not give rise to the award of any specific compensation.

Article 19: Personally-owned shares

Each Director appointed by the General Meeting (whether in his/her own name or as a permanent representative of a legal entity) must hold at least 1,000 Societe Generale shares. Each Director has a six-month timeframe to hold the 600 shares provided for by the By-laws and an additional six-month timeframe to increase his/her holding to 1,000 shares.

The Board of Directors sets a minimum number of shares that the Executive Officers must hold in registered form, until the end of their duties. This decision shall be reviewed at least upon each renewal of their term of office. Until this share holding objective is achieved, the Executive Officers dedicate for this purpose a share of the exercise of options or performance share awards as determined by the Board of Directors. This information is included in the corporate governance report.

Each corporate officer shall refrain from hedging his/her shares.

Article 20: Directors' expenses

20.1 Directors' travel, accommodation, meals and mission expenses pertaining to the meetings of the Board of Directors or of the Committees of the Board of Directors, the General Meeting of Shareholders or any other meetings related to the work of the Board of Directors or the Committees, are paid for or reimbursed by Societe Generale, upon submission of receipts.

At least once a year, the Nomination and Corporate Governance Committee reviews the statement of Directors' expenses in respect of the previous year and, as necessary, makes proposals or recommendations.

20.2 As to the Chairman, the Company also pays the expenses necessary for the performance of his/her duties.

20.3 The Secretary of the Board of Directors receives and verifies the relevant supportive documents and ensures that the sums due are paid or reimbursed.

Article 21: Non-voting Director

The non-voting Director attends meetings, executive sessions and seminars of the Board of Directors and can participate in the meetings of the specialised committees, in a consultative capacity. He/she is subject to the same rules of ethics, confidentiality, conflicts of interest and ethics as the Directors.

The compensation of the non-voting Director is set by the Board of Directors upon the proposal from the Compensation Committee. It is equal to the average of the compensation paid to the Directors pursuant to article 18 of the Internal Rules, with the exception of the compensation paid to the Chairmen of the Committees and to the Director members of the US Risk Committee. This compensation takes into account his/her attendance. His/her expenses may be reimbursed under the same conditions as for the Directors.

LIST OF APPENDICES TO THE INTERNAL RULES OF THE BOARD OF DIRECTORS OF SOCIETE GENERALE

APPENDIX 1 CHARTER OF THE AUDIT AND INTERNAL CONTROL COMMITTEE OF SOCIETE GENERALE

ARTICLE 1 Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

The subjects that may be addressed jointly by the Audit and Internal Control Committee and the Risk Committee are indicated by an asterisk (*) in each of the charters.

ARTICLE 2 Role

Without prejudice to the detailed list of missions referred to in article 5, the Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting, financial and non-financial information, as well as the monitoring of the effectiveness of internal control, measurement, monitoring and risk control systems. It conducts the procedure for selecting the Statutory Auditors. It approves the services provided by the Statutory Auditors other than the certification of the financial statements.

ARTICLE 3 Composition

The Audit and Internal Control Committee is comprised of at least four Directors, appointed by the Board of Directors, who have appropriate financial, accounting, statutory audit or non-financial expertise. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

The heads of the control functions (risk, compliance, audit), the CFO and the Secretary General are present at all meetings, unless otherwise decided by the Chairman of the Committee.

The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise. They may also be consulted outside meetings and without the presence of Executive Officers and any employee of the Company.

When the Committee reviews the financial statements, this is preceded by a meeting with the Statutory Auditors, without the presence of the Executive Officers and any employee of the Company.

The Executive Officer in charge of supervising internal control is present at the Committee's meetings when it examines the report on internal control.

The Executive Officers may also, from time to time, assist the work of the Committee at its request.

ARTICLE 4 Meetings

The Audit and Internal Control Committee meets as often as required by the corporate interest and at least four times per year.

ARTICLE 5 Missions

In particular, it is responsible for:

a) ensuring the monitoring of the process for the production of financial and non-financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process; where appropriate, it makes recommendations to ensure their integrity;

b) analysing the draft accounts to be submitted to the Board of Directors in order to, in particular, verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up annual accounts and consolidated annual accounts; it examines the scope of the consolidated companies and, where applicable, the reasons why companies would not be included therein; it also examines the implementation procedures adopted for the application of the main accounting standards applicable to the Group, particularly with regard to the provisioning rules*;

c) submitting to the Board of Directors its opinion on these financial statements and the corresponding financial communication, after having heard the opinion of the Statutory Auditors;

d) reporting regularly to the Board of Directors on the results of the audit of the accounts, the manner in which this mission has contributed to the integrity of the financial and non-financial information and the role it has played in this process. It informs the Board of Directors without delay of any difficulty encountered;

e) conducting the procedure for selecting the Statutory Auditors and issuing a recommendation to the Board of Directors, developed in accordance with the provisions of article 16 of the regulation (EU) no. 537/2014 dated 16 April 2014, concerning their appointment or renewal as well as their compensation;

f) ensuring the independence of the Statutory Auditors in accordance with the regulations in force;

g) approving, in accordance with article L. 823-19 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of accounts referred to in article L. 822-11-2 of said Code after analysing the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;

h) reviewing the work programme of the Statutory Auditors and, more generally, monitoring the control of the accounts by the Statutory Auditors in accordance with the regulations in force;

i) ensuring the monitoring of the effectiveness of internal control and audit systems, in particular with regard to procedures for the preparation and processing of accounting, financial and non-financial information. To this end, the Committee is responsible primarily for:

- reviewing the Group's permanent control quarterly dashboard,
- reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
- reviewing the Group's annual and multi-year periodic monitoring programmes, as well as their amendments, prior to their approval by the Board of Directors,
- monitoring the implementation of the audit plan for the year and is systematically informed in the event of a delay or postponement of the missions,
- giving its opinion on the organisation and functioning of the Internal Control Departments*,
- reviewing the follow-up letters from the banking and markets supervisors and issuing an opinion on draft replies to these letters;

j) familiarising itself with the reports prepared to comply with regulations on internal control and in particular the audit reports;

k) concerning anti-money laundering and financing of terrorism (AML-FT), it prepares the discussions of the Board of Directors when it:

- reviews the policy, mechanisms and procedures, and their effectiveness*,
- is informed, at least once a year, of the activity and results of the internal controls in terms of AML-FT, incidents and shortcomings, as well as the corrective measures taken,
- approves the annual report on the internal control of AML-FT systems;

l) examining the system put in place concerning "whistleblowers" and developments in the system;

m) examining compliance incidents, as well as the corresponding action plans;

n) examining the system put in place to prevent and detect corruption and influence peddling. It receives all of the necessary information for this purpose;

o) giving its opinion to the Board of Directors prior to the appointment and dismissal of the Head of inspection and Audit and the Head of Compliance.

The Audit and Internal Control Committee or its Chairman hears the Directors in charge of the internal control functions (risk, compliance, audit), as well as the Chief Financial Officer, possibly at their request and, where necessary, the managers responsible for the preparation of accounts, internal control, risk control, compliance control and periodic control; each quarter, prior to the session examining the report of the Head of the Inspection and Audit, the Committee hears him in a meeting without the presence of any other senior manager.

The Audit and Internal Control Committee sends its opinion to General Management on the objectives and assessment of the heads of risk control, compliance control and periodic control.

The Audit and Internal Control Committee provides an annual update on matters related to:

- customer protection;
- market integrity:
- the implementation of the obligations arising from the GDPR (General Data Protection Regulation);
- the Group's tax policy and management*.

The Audit Committee monitors sales and acquisitions annually. It receives a *post-mortem* appraisal of the most significant transactions.

At each meeting of the Board of Directors subsequent to the holding of an Audit Committee meeting, the Chairman of the Committee produces a detailed report reiterating the subjects examined, the issues discussed and the recommendations made with the decisions of the Board of Directors in mind.

APPENDIX 2 CHARTER OF THE RISK COMMITTEE OF SOCIETE GENERALE

ARTICLE 1 Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules. The type of risks falling within the scope of the Committee's competence is that mentioned in the Group's Risk Appetite Statement.

The subjects that may be dealt with jointly by the Risk Committee and the Audit and Internal Control Committee are indicated by an asterisk (*) in each of the charters.

ARTICLE 2 Role

The Risk Committee prepares the Board of Directors' work on the Group's overall strategy and appetite for risks of all kinds[(1)], both current and future, [and assists it when the controls reveal difficulties in their implementation].

ARTICLE 3 Composition

The Risk Committee is composed of at least four Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

The heads of the control functions (risk, compliance, audit), the CFO and the Secretary General are present at all meetings, unless otherwise decided by the Chairman of the Committee.

The Executive Officer in charge of supervising the control functions is present at the Committee's Meetings when it examines the assessment of these functions. He/she may also participate from time to time in the Committee's work at its request.

The Statutory Auditors are invited to the meetings of the Risk Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

ARTICLE 4 Meetings

The Risk Committee meets as often as required by the corporate interest and at least four times per year.

ARTICLE 5 Missions

In particular, it is responsible for:

a) assisting the Board of Directors in determining the overall strategy and risk appetite of all kinds. It assists the Board of Directors and prepares the discussions on the annual approval of the Group Risk Appetite Statement, as well as the Group Risk Appetite Framework. It is regularly informed of developments in the context of risks, in particular to enable it to inform the Board of Directors. It examines and prepares the discussions of the Board of Directors, which approves the risk limits and in particular market risk limits;

b) undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor risks of all kinds[(2)] and communicating its conclusions to the Board of Directors*;

c) reviewing the risk control procedures and is consulted for the setting of overall risk limits;

d) studying the results of the annual risk, compliance and audit function assessment exercises. At this time, it is informed of significant changes to the organisation of the control functions and, on an annual basis, to their budgets and resources. When assessing the audit function*, it draws on the information received from the Audit and Internal Control Committee;

e) expressing an opinion on the Group's overall policy and level of provisioning, as well as on specific provisions of a significant amount*;

f) reviewing the reports prepared to comply with the banking regulations on risks;

g) reviewing the policy concerning risk control and the monitoring of off-balance sheet commitments, especially in light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors*;

h) reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;

i) without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation with regard to the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;

j) reviewing the risks associated with the Group's implementation of the guidelines on social and environmental responsibility, including climate risks and indicators relating to Culture & Conduct;

k) reviewing the enterprise risk management related to the Company's operations in the United States in accordance with the requirements of the US Federal Reserve's Enhanced Prudential Standard Rules and supervisory guidelines. When acting as US Risk Committee, the Risk Committee operates under a dedicated charter, which forms part of and supplements this section. The Chairman of the Risk Committee reports the work adopted by the US Risk Committee to the Board of Directors, which validates it;

(1) The typology of risks is that mentioned in the Group Risk Appetite Statement.
(2) The typology of risks falling within the scope of the Committee's competence is found in the chapter of the Universal Registration Document on risks.

l) reviewing, at least every six months, the risks related to financial security, the anti-money laundering and financing of terrorism policy referred to in article L. 561-4-1 of the French Monetary and Financial Code, the systems and procedures put in place to comply with the provisions of II of article L. 561-36-1 of the same Code and the corrective measures necessary to remedy significant incidents and shortcomings in the fight against money laundering and terrorist financing and the freezing of assets and the prohibition of provision or use of funds or economic resources and to ensure their effectiveness*;

m) examining the documents and preparing the discussions and decisions of the Board of Directors on the ICAAP (internal capital adequacy assessment process) and the ILAAP (internal liquidity adequacy assessment process);

n) regularly reviewing risk dashboards of all kinds, including concerning reputation and compliance. It also examines the dashboards on operations. It receives all of the information provided for by the regulations or the Risk Appetite Framework on breaches of limits and corrective measures;

o) reviewing the follow-up of the recommendations of supervisors in its area of competence;

p) reviewing the business continuity and operational resilience plans;

q) reviewing the preventive recovery plan communicated to the ECB and deliberating on any similar plan requested by other authorities;

r) reviewing the elements necessary for the establishment of the resolution plan communicated to the competent supervisory authorities;

s) reviewing the risks related to the information system security policy, including cybersecurity, IT strategy and outsourced activities;

t) reviewing significant incidents that may affect the institution with regard to the risks arising from the mapping and associated with reputation, compliance, operations and regulatory projects. In particular, it examines environmental risks or risks related to the implementation of ESG, the quality of data, in particular as provided for by the BCBS 239, and dispute management;

u) submitting to the Compensation Committee an opinion on the consideration of risks in the compensation system for regulated persons (market professionals and others);

v) regularly reviewing the important points from the new product committees;

w) giving its opinion prior to the appointment and dismissal of the Chief Risk Officer to the Board of Directors.

The Risk Committee or its Chairman hear the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers responsible for drawing up the accounts, internal control, risk control, compliance control and periodic control.

The Committee is kept informed by General Management of the appointment of the managers of the second-level internal control and periodic control functions.

APPENDIX 3 CHARTER OF THE COMPENSATION COMMITTEE OF SOCIETE GENERALE

ARTICLE 1 Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

ARTICLE 2 Role

The Compensation Committee prepares the decisions of the Board of Directors concerning compensation, especially those related to the compensation of Executive Officers, as well as of persons that have an impact on the risk and the management of risks in the Company.

ARTICLE 3 Composition

It is comprised of at least four Directors and includes a Director elected by the employees. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Code[(1)]. Its composition enables it to assess the compensation policies and practices with regard to the management of the Company's risks, equity and liquidity.

ARTICLE 4 Meetings

The Compensation Committee meets as often as required by the corporate interest and at least four times per year.

ARTICLE 5 Missions

It conducts an annual review of:

a) the principles of the Company's compensation policy;

b) the compensation, allowances and benefits of any kind granted to the Executive Officers, as well as the Effective Senior Managers, if they are different;

c) the compensation policy for regulated employees within the meaning of the banking regulations whose professional activities have a significant impact on the risk profile of the Company or the Group, as well as any employee who, in view of their overall income, is in the same compensation bracket.

It prepares the control by the Board of Directors of the compensation of the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit, following the opinion of the Audit and Internal Control Committee and the Risk Committee, each as far as it is concerned.

It receives all information necessary for its mission.

It examines the annual reports sent to the supervisory authorities.

It shall hear, as necessary, General Management, the heads of Business Units and Service Units and the heads of the control functions.

It may be assisted by the internal control services or by external experts.

In particular, the Committee:

a) proposes to the Board of Directors, in compliance with the regulations applicable to credit institutions, the principles given by the AFEP-MEDEF Corporate Governance Code and professional standards, the principles of the compensation policy for Executive Officers, and especially the criteria for determination, the structure and the amount of this compensation, including allowances and benefits in kind, insurance or retirement and compensation of any kind received from all Group companies; it ensures their application;

b) prepares the annual performance assessment of the Executive Officers;

c) proposes to the Board of Directors the policy on performance shares;

d) prepares the decisions of the Board of Directors concerning employee savings and employee share ownership.

(1) For the calculation of the rate of independents within the committees, the AFEP-MEDEF Code does not take employees into account.

APPENDIX 4 CHARTER OF THE NOMINATION AND CORPORATE GOVERNANCE COMMITTEE OF SOCIETE GENERALE

ARTICLE 1 Content of the Policy

This charter forms an integral part of the Internal Rules of the Board of Directors of Societe Generale (the "Internal Rules"). Any subject not covered by this charter shall be governed by the Internal Rules, and the terms used are defined in the Internal Rules.

ARTICLE 2 Role

The Nomination and Corporate Governance Committee prepares the decisions of the Board of Directors regarding the selection of Directors, the appointment of Executive Officers, succession plans, the composition of management bodies and the proper functioning of the Board of Directors, in particular the application of the governance rules described in the Internal Rules.

ARTICLE 3 Composition

It is comprised of at least four Directors. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. The Chief Executive Officer is involved, as necessary, in the Committee's work.

ARTICLE 4 Meetings

The Nomination and Corporate Governance Committee meets as often as required by the corporate interest and at least four times per year.

ARTICLE 5 Missions

The Nomination and Corporate Governance Committee:

a) periodically reviews, and at least once a year the structure, size, composition and effectiveness of the Board of Directors' work with regard to the missions assigned to it and submits to the Board of Directors any recommendation relevant to conducting the annual assessment of the Board of Directors and its members. This assessment is prepared by the Committee, its Chairman reporting to the Board of Directors. Every three years, when the assessment is carried out by an external firm, the Committee makes any proposal for the selection of the firm and the smooth running of the assessment;

b) periodically reviews the Board of Directors' policies concerning the selection and appointment of the Executive Officers and makes recommendations in this area;

c) is responsible for making proposals to the Board of Directors for the appointment of Directors, non-voting Directors *(censeurs)* and Committee members. To this end, it prepares the selection criteria to be submitted to the Board of Directors, proposes to the Board of Directors an objective to be achieved concerning the balanced representation of women and men on the Board of Directors and develops a policy designed to achieve this objective[1];

d) in carrying out its missions, it seeks to comply with all of the conditions laid down by the EBA and the ECB as part of the "fit and proper" reviews;

e) prepares and reviews, each year, the succession plan for corporate officers, particularly in the event of an unforeseeable vacancy, after carrying out the useful studies;

f) ensures the existence of an appointment selection procedure for holders of key functions and is informed of the appointment of the Heads of Business Units or Service Units. Their succession plan is communicated to it and it reports on this plan to the Board of Directors;

g) gives its opinion to the Board of Directors on the appointment and dismissal of the Chief Risk Officer, the Head of Compliance and the Head of inspection and Audit, after notifying:

- the Risk Committee regarding the Chief Risk Officer, and
- the Audit and Internal Control Committee regarding the Head of inspection and Audit and the Head of Compliance;

h) prepares the review by the Board of Directors of corporate governance issues, as well as the Board of Directors' work on matters relating to Corporate culture. It proposes to the Board of Directors the presentation of the Board of Directors in the Universal Registration Document and in particular the list of independent Directors;

i) prepares the work of the Board of Directors relating to the governance of the subsidiaries in order to ensure compliance with the general principles applicable to the Group;

j) prepares the work of the Board of Directors in the event of a revision of the Company's By-laws or the Internal Rules of the Board of Directors;

k) It proposes to the Board of Directors the distribution of Directors' compensation.

(1) The objective and policy of the credit institutions, as well as the terms of implementation, are made public in accordance with paragraph 2 (c) of article 435 of regulation (EU) no. 575/2013 dated 26 June 2013.

APPENDIX 5 CHARTER OF THE US RISK COMMITTEE OF THE BOARD OF DIRECTORS OF SOCIETE GENERALE

MANDATE

The U.S. Risk Committee ("**Committee**" or the "**USRC**") of the Societe Generale ("**SG**" or "**SG Group**") Board of Directors ("**Board**") is formed in accordance with the requirements of the Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations ("**EPS Rules**") as promulgated by the Board of Governors of the Federal Reserve System.[1] The Committee's mandate is to (a) review all kinds of risks, both current and future, relating to, booked in or arising from SG's business, activities, affairs and operations in the United States, including SG's subsidiaries, branches and representative offices in the United States (collectively, "**SGUS**"), (b) advise the Board on the overall strategy and the appetite regarding such risks, and (c) assist the Board when it oversees the implementation of this strategy; and (d) oversee the adequacy and effectiveness of the SGUS Internal Audit function.

For avoidance of doubt, it is the responsibility of SG and SGUS senior management to identify and assess SGUS' exposure to risk and escalate those risks, and planned mitigants, to the Committee. Although the Committee is responsible for overseeing the SGUS enterprise risk management function and challenging management on SGUS risk issues, it is not the sole body responsible for ensuring that SGUS' risk management function is carried out efficiently and effectively.

CHARTER

The USRC is formed pursuant to Article 17.9 of the Internal Rules of the SG Board of Directors, as amended from time to time (the "**Internal Rules**"), which forms the USRC and this charter forms part of and supplements the Internal Rules. Any topic not covered herein shall be governed by the Internal Rules.

MEMBERSHIP

The Committee is composed of the members of the SG Board's Risk Committee *(Comité des Risques)*, the Chair of the Board's Audit and Internal Control Committee *(Comité d'Audit et de Contrôle Interne)* and the other members of the *Comité d'Audit et de Contrôle Interne* unless the Board has provided an exception to one or more of such members. The Committee is chaired by the Chair of the *Comité des Risques*. If the Committee Chair cannot be present at a meeting, he or she shall delegate the role to the Chair of the *Comité d'Audit et de Contrôle Interne*.

The Committee shall meet the requirements for independent membership set out in the Internal Rules and shall at all times include at least one member who meets the independence requirements set forth in the EPS Rules.

QUORUM AND COMMITTEE DECISIONS

The presence of at least a majority of the members of the Committee shall constitute a quorum. If a quorum is present, the Committee may act through the vote of a majority of the Directors who are in attendance. Committee members may attend meetings in person, or by video conference or by telephone. Committee decisions may be taken absent a meeting by unanimous written consent.

AGENDA AND COMMITTEE MATERIALS

The Committee shall approve an annual agenda submitted to it by the SGUS Chief Executive Officer after consultation with the SGUS Chief Risk Officer and SGUS General Counsel. The agenda for each meeting is based off the approved annual agenda, with additions and modifications as relevant issues within the USRC's mandate arise each year. Materials for each meeting of the Committee are typically circulated to Committee members no less than five business days prior to meetings.

MEETING FREQUENCY

The Committee may meet as often as it determines is appropriate to carry out its responsibilities under this Charter, provided that the Committee shall meet at least once per quarter. Special meetings of the Committee may be held from time to time.

MEETING MINUTES

The SGUS General Counsel (or his or her designee) shall be the Secretary of the Committee and shall document the meetings. Minutes shall be circulated to the Committee members prior to the next meeting of the Committee and shall be approved at such subsequent meeting of the Committee. The official records of Committee meetings shall be maintained by the Secretary to the Board.

ROLES AND RESPONSIBILITIES

The mandate of the Committee, including its function of challenging management, is set forth above. The Committee's specific roles and responsibilities in fulfillment of this mandate include the following:

- regularly receiving updates from the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, other SGUS managers;
- at least annually, reviewing and approving the SGUS enterprise risk management framework including, but not limited to, the elements of the framework relating to liquidity risk management, and any material revisions thereto;
- at least annually, reviewing and approving the SGUS Risk Appetite Statement, and any material revisions thereto, and reviewing any other relevant overarching policies establishing the SGUS risk management governance and risk control infrastructure as well as the processes and systems for implementing, monitoring and reporting compliance with such policies;
- on a quarterly basis, reviewing a quarterly report from the U.S. Chief Risk Officer on risks affecting SGUS, which risks include, but are not limited to, liquidity risk. For avoidance of doubt, no member of the SG management has the right to demand changes to or veto the contents of the quarterly risk report;
- at least annually, reviewing and approving the SGUS Liquidity Risk Policy, and any material revisions thereto;

(1) *79 Fed. Reg. 17,240 (Mar. 27, 2014), codified at 12 C.F.R. Part 252.*

- at least quarterly, and more frequently if needed, conducting *in camera* meetings with the SGUS Chief Risk Officer with no other SG Group or SGUS personnel present. In addition, the SGUS Chief Risk Officer shall have unfettered access to the USRC should he or she need to report an issue, finding, conclusion, recommendation or analysis to the Committee;
- at least annually, reviewing and approving the acceptable level of liquidity risk that SG may assume in connection with the operating strategies for its combined U.S. operations (liquidity risk tolerance), taking into account the capital structure, risk profile, complexity, activities, size and SG's enterprise-wide liquidity risk tolerance of such operations;
- at least semi-annually, reviewing information sufficient to determine whether SG's combined U.S. operations are operating in accordance with its established liquidity risk tolerance and to ensure that such liquidity risk tolerance is consistent with SG's enterprise-wide liquidity risk tolerance;
- at least annually, reviewing SGUS significant business lines and products to determine whether each creates or has created any unanticipated liquidity risk and whether the liquidity risk of each is within the established liquidity risk tolerance;
- at least annually, reviewing and approving the SGUS contingency funding plan and any material revisions thereto;
- at least annually, reviewing the SGUS business plans, results and strategy;
- on a regular basis, reviewing progress on all SGUS remediation projects arising from prudential supervisory issues;
- at least quarterly, reviewing information about the SGUS corporate compliance framework, including metrics, updates and challenges;
- at least annually, reviewing and approving the SGUS Compliance Risk Management Program Framework and any material revisions thereto;
- serving as the ultimate oversight body over SGUS' compliance with U.S. anti-money laundering laws, including the Bank Secrecy Act, Office of Foreign Assets Control regulations, and applicable know-your-customer requirements and, at least annually, reviewing the SGUS framework for compliance with such regulations and requirements;
- annually, reviewing and approving the SGUS Internal Audit function ("**SGIAA**") proposed annual audit plan, SGIAA charter and key performance indicators;
- on a regular basis, reviewing reports from SGIAA relating to: the conclusions of the audit work, including the adequacy of key SGUS risk management processes, areas of higher risk, the status of issues and recommendations, root-cause analysis, and information on significant industry and institution thematic trends;
- on a regular basis, receiving a presentation from the SGIAA Chief Audit Executive provided outside of the presence of SGUS senior management (other than the SGUS Chief Executive Officer and the SGUS General Counsel) relating to: the completion status of the annual audit plan, including any significant changes made to such plan; updates on ongoing SGIAA remediation plans, if any; and the results of SGIAA key performance indicators and internal and external quality assurance reviews;
- as and when requested by SGIAA, conducting *in camera* meetings with the SGIAA Chief Audit Executive. In addition, the SGIAA Chief Audit Executive shall have unfettered access to the USRC should he or she need to report an issue, finding, conclusion, recommendation or analysis to the Committee;
- at least annually: reviewing SGIAA's annual Independent and Objectivity Assertion Presentation and SGIAA's annual skills assessment; assessing the ability of SGIAA to operate independently and objectively; and raising any concerns regarding SGIAA to the Group Head of Audit and the SGUS CEO; and
- at least annually, receiving information and training on a range of topics affecting SGUS. Such topics will change from time to time but will typically include anti-bribery and corruption, liquidity risk, human resources, culture & conduct, information technology risk management; cybersecurity, regulatory developments and litigation and enforcement developments.

Additional details on the periodicity of all the foregoing topics are set forth in the annual agenda of the Committee.

For avoidance of doubt, all SGIAA presentations referenced herein shall be made to the Committee and the SGIAA Chief Audit Executive interactions described herein shall be with the Committee. The Group Audit function shall continue to report to the *Comité d'Audit et de Contrôle Interne* and may in its discretion include information in its reports about any matters relating to SGUS or SGIAA and its work.

Annex A contains a list of all documents scheduled for approval by the Committee on an annual basis. Other items may also be presented to the Committee for approval as needed.

AMENDMENTS TO THIS CHARTER

Amendments to this charter shall be approved by the Committee and the SG Board after prior examination by the Nomination and Corporate Governance Committee of the Board.

USE OF ADVISORS

The Committee may request select, retain and terminate special risk management, legal, financial, accounting, audit or other professional advisors to assist the Committee in performing its responsibilities under this charter at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. Such retention shall be coordinated by the Committee Chair with the assistance of the Secretary to the Board.

Annex A: List of Items Approved by the Committee Annually
SGUS Risk Appetite Statement
SGUS Liquidity Risk Tolerance
SGUS Enterprise Risk Management Framework
SGUS Contingency Funding Plan
SGUS Liquidity Risk Policy
Annual U.S. Risk Committee Agenda
SGUS Compliance Risk Management Program Framework
SGIAA Charter
SGIAA Key Performance Indicators
SGIAA Annual Audit Plan

7.6 LIST OF REGULATED INFORMATION PUBLISHED IN THE LAST 12 MONTHS

Press releases under regulated information

- 06.01.2022 – Societe Generale announces ALD's proposed acquisition of LeasePlan to create a leading global player in mobility
- 03.02.2022 – Disclosure of regulatory capital requirements as from 1 March 2022
- 11.04.2022 – Societe Generale ceases its activities in Russia and signs an agreement to sell Rosbank and its Russian insurance subsidiaries
- 18.05.2022 – Societe Generale announces the closing of the sale of Rosbank and the Group's Russian insurance subsidiaries to Interros Capital
- 30.09.2022 – Slawomir Krupa put forward as future CEO by the Board of Directors
- 29.11.2022 – Societe Generale: Launch of ALD Rights Issue
- 15.12.2022 – Disclosure of regulatory capital requirements as from 1 January 2023

Universal Registration Document and amendments

- 09.03.2022 – Universal Registration Document 2022
- 09.03.2022 – Availability of the Universal Registration Document 2022
- 06.05.2022 – Availability of the first update to the 2022 Registration Document filed on 6 May 2022
- 06.05.2022 – First update to the 2022 Universal Registration Document filed on 6 May 2022
- 04.08.2022 – Availability of the second amendment to the Universal Registration Document
- 04.08.2022 – Second amendment to the Universal Registration Document filed on 4 August 2022
- 04.11.2022 – Availability of the third amendment to the Universal Registration Document
- 04.11.2022 – Third amendment to the Universal Registration Document filed on 4 November 2022

Quarterly financial information

- 05.05.2022 – 1st quarter 2022 results
- 03.08.2022 – 2nd quarter 2022 results
- 04.11.2022 – 3rd quarter 2022 results
- 08.02.2022 – Full-year 2022 and 4th quarter results

Monthly reports on total amount of voting rights and shares

- 12 report forms

Description of the buyback programmes and statement of the liquidity agreement

- 13.01.2022 – Half-year statement on the liquidity agreement
- 10.05.2022 – Description of share buyback programme
- 06.07.2022 – Half-year statement on the liquidity agreement
- From 16.08.2022 to 12.12.2022 – Report on share buyback and information regarding executed transactions within the framework of a share buyback programme (19 reports)

Reports on corporate governance

- 09.03.2022 – Availability of the report on corporate governance

Press releases for access to or consultation of the information relative to shareholders' general meetings

- 14.04.2022 – Availability or consultation of information relating to the Combined General Meeting of Shareholders of 17 May 2022

8

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

8.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr. Frédéric Oudéa

Chief Executive Officer of Societe Generale

8.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I hereby certify, after taking all reasonable measures for this purpose, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the Management Report (the cross-reference table of the annual financial report in Chapter 9 indicates the contents of said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed

Paris, 13 March 2023

Chief Executive Officer

Frédéric Oudéa

8.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS

STATUTORY AUDITORS

Name: Ernst & Young et Autres
represented by Micha Missakian and Vincent Roty

Address: 1/2, place des Saisons,
92400 Courbevoie – Paris-La Défense (France)

Date of appointment: 22 May 2012

Date of renewal: 23 May 2018

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2023

Name: Deloitte & Associés
represented by Jean-Marc Mickeler and Maud Monin

Address: 6, place de la Pyramide
92908 Paris-La Défense Cedex (France)

Date of first appointment: 18 April 2003

Date of last renewal: 23 May 2018

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2023

The companies Ernst & Young et Autres and Deloitte & Associés are registered as Statutory Auditors with the Compagnie régionale des Commissaires aux comptes de Versailles.

9

CROSS-REFERENCE TABLES

9.1 CROSS-REFERENCE TABLES

9.1.1 CROSS-REFERENCE TABLE OF THE UNIVERSAL REGISTRATION DOCUMENT

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

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In accordance with EC Regulation No. 2019/890 dated 14 March 2019, complementary to (EU) Regulation No. 2017/1129 of the European Parliament and of the Council, the following information is included by reference in this Universal Registration Document:

- the parent company and consolidated accounts for the year ended 31 December 2020, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 523 to 592 and 138-141, 168-171, 179-180, 190, 192-196, 204-208, 211-218, 224-228, 230-231, 243-248, 352-522, 593-598 and on pages 27 to 61 of the Registration Document D. 21-0138 filed with the AMF on 17 March 2021;
- the parent company and consolidated accounts for the year ended 31 December 2021, the related Statutory Auditors' reports and the Group Management Report and presented respectively on pages 538 to 615 and 133-135, 167-172, 180-181, 191-194, 196, 206-210, 213-217, 222-226, 228-229, 242–247, 350–537 and pages 27 to 61 of the Registration Document D. 22-0080 filed with the AMF on 9 March 2022.

The chapters of the Registration Documents D. 22-0080 and D. 21-0138 not mentioned above do not apply to investors or are covered in another part of this Universal Registration Document.

Both of the aforementioned Registration Documents are available on the Company's website *www.societegenerale.com* and on the AMF's (French Financial Markets Authority) website *https://www.amf-france.org/en.*

9.1.2 ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

Pursuant to Article L. 222-3 of the General Regulation of the *Autorité des marchés financiers* (French financial markets authority), the annual financial report mentioned in Part I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) includes the items described in the following pages of the Universal Registration Document:

Annual Financial Report	Page No.
Statement of the person responsible for the Universal Registration Document	**674**
Management report	
■ Analysis of results, financial position, risks and main characteristics of internal control and risk managementprocedures for the preparation and processing of accounting and financial information of the parent company andconsolidated Group (Article L. 225-100-1 of the French Commercial Code)	8-26 ; 30-45 ; 59-60 ; 163-289 ; 373-556 ; 565-569
■ Information about share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	642-643
■ Information about geographic locations and activities (Article L. 511-45 of the French Monetary and Financial Code)	67-68
Financial statements	
■ Annual accounts	571-627
■ Statutory Auditors' report on the annual accounts	628-634
■ Consolidated accounts	374-556
■ Statutory Auditors' report on the consolidated accounts	557-563

9.1.3 CROSS-REFERENCE TABLE FOR THE REGISTRY OF THE COURT

Pursuant to Article L. 232-23 of the French Commercial Code, it is specified that the Universal Registration Document includes the items described in the following pages and/or chapters of the Universal Registration Document:

Financial statements	Page No.
■ Annual accounts	571-627
■ Statutory Auditors' report on the annual accounts	628-634
■ Consolidated accounts	374-556
■ Statutory Auditors' report on the consolidated accounts	557-563

Management report (article L. 225-100 of the French Commecial Code)			Page No.
1	**SITUATION AND ACTIVITY OF THE GROUP**		
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1.2	Key financial performance indicators	Article L. 225-100-1, I., 2°	30-45
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1.5	Identity of the main shareholders and holders of voting rights at general meetings, and changes made during the year	Article L. 233-13 of the French Commercial Code	639
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	28-29
1.7	Significant equity investments in companies having their head office in France	Article L. 233-6 al. 1 of the French Commercial Code	64
1.8	Cross-shareholdings	Articles L. 233-29, L. 233-30 et R. 233-19 of the French Commercial Code	NA
1.9	Foreseeable evolution of the company's and Group's situation and outlook	Articles L. 232-1, II et L. 233-26 of the French Commercial Code	16-17
1.10	Activities related to Research & Development	Articles L. 232-1, II et L. 233-26 of the French Commercial Code	NA
1.11	Table showing the company's results over the last 5 financial years	Article R. 225-102 of the French Commercial Code	10

Management report (article L. 225-100 of the French Commecial Code)			Page No.
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3.22	Reference to a corporate governance code and application of the "comply or explain" principle	Article L. 22-10-10, 4° of the French Commercial Code	71
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4	**SHAREHOLDING AND CAPITAL**		
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5.2	Description of the main risks associated with the activity of the company or group, including, where relevant and proportionate, the risks created by business relationships, products or services	Articles L. 225-102-1 et R. 225-105, I. 1° of the French Commercial Code	cf 9.1.4
5.3	Information on the impacts of the activity on the respect for human rights and the fight against corruption and tax evasion, and the way in which the company or group takes into account the social and environmental consequences of its activity (description of policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the activity of the company or group)	Articles L. 225-102-1, III, L. 22-10-36 et R. 22-10-29, R. 225-104 e t R. 225-105, I. 2° of the French Commercial Code	cf 9.1.4
5.4	Results of policies applied by the company or group, including key performance indicators	Articles L. 225-102-1 et R. 225-105, I. 3° of the French Commercial Code	cf 9.1.4
5.5	Social information (employment, work organization, health and safety, social relations, training, equal treatment)	Articles L. 225-102-1 et R. 225-105, II. A. 1° of the French Commercial Code	cf 9.1.4
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 et R. 225-105, II. A. 2° of the French Commercial Code	cf 9.1.4
5.7	Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 et R. 225-105, II. A. 3° of the French Commercial Code	cf 9.1.4
5.8	Information relating to the fight against corruption and tax evasion	Articles L. 225-102-1, L. 22-10-36 et R. 22-10-29 et R. 225-105, II. B. 1° of the French Commercial Code	cf 9.1.4
5.8	Information on actions in favor of human rights	Articles L. 225-102-1, L. 22-10-36 et R. 22-10-29 et R. 225-105, II. B. 2° of the French Commercial Code	cf 9.1.4

Management report (article L. 225-100 of the French Commecial Code)			Page No.
5.10	Specific information:		
	■ company policy for preventing the risk of technological accidents; ■ ability of the company to cover its civil liability towards property and persons as a result of the operation of such facilities; ■ means provided by the company to ensure the management of compensation for victims in the event of a technological accident involving its liability.	Article L. 225-102-2 of the French Commercial Code	Refer to 9.1.4
5.11	Collective agreements concluded in the company and their impact on the economic performance of the company as well as on the working conditions of employees	Articles L. 225-102-1, III et R. 225-105 of the French Commercial Code	Refer to 9.1.4
5.12	Certification from the independent third-party body on the information contained in the DNFP	Articles L. 225-102-1, III et R. 225-105-2 of the French Commercial Code	Refer to 9.1.4
6	**OTHER INFORMATION**		
6.1	Additional tax information	Articles 223 quater et 223 quinquies du code général des impôts	267; 495-498; 552-556; 603-605
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9.1.4 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE – CROSS-REFERENCE TABLE

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The Group's main activities: core businesses and their key figures, products or services, results		8-9; 18-26; 30-40; 54-58
Organisation: core businesses presentation, employees, corporate governance		28-29; 291-303; 70-71
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Strategy, outlook and targets		11-17
2. Significant extra-financial risk factors for the Group[1] and recap on the main policies to limit their occurrence		
IT systems failure (cybercrime)	Risk management framework for IT security risks 2021-2023 information systems security (ISS) blueprint	 258-259
Corruption	Group's normative framework (management of compliance/regulatory risks) Anti-Corruption and Influence Peddling Code Code of Conduct Culture & Conduct programme Duty of Care Plan	265 266 343 344 361-371
Data protection	Personal data protection policy Group's guidelines and internal procedures Duty of Care Plan	267 267 361-371
Environmental and Social (E&S) issues that could affect the Group's reputation	E&S risk management in the businesses ■ Normative framework ■ E&S General Principles ■ E&S risk management processes ■ Processing of E&S alerts from stakeholders Managing the Group's direct environmental impact ■ Carbon reduction programme (2019-2030) ■ Responsible Sourcing Policy	 274 274 275 275; 364 307 305-307
Non-compliance with laws or the Group's E&S commitments	Measures to protect clients ■ Regulatory risk management ■ A marketing policy that takes the client's interest into account Climate policies ■ Integrating climate risks within the risk management framework ■ The various measurement methodologies and credit portfolio alignment goals ■ Commitment to reducing activities related to fossil fuels ■ Commitment to promoting the energy transition Climate and governance strategy Supporting global banking clients with their sustainability approach	 265 337 279 319-321 319-321 315-317 319 325-330
Non-compliance with labour regulations	Risks related to non-compliance with regulations and internal labour rules and to poor working conditions ■ Collective bargaining agreements signed with social partners ■ Diversity and inclusion policy Duty of Care Plan	302-304 304 302 361-371
Non-compliance with health and safety standards	Risks related to non-compliance with regulations and internal labour rules and to poor working conditions ■ Health, safety and prevention policy Risks related to the safety of people and property	300-301 300-301 300-301
E&S issues that could affect the Group's credit risk, especially climate change issues (may become more significant over time)	E&S General Principles Climate governance Policies for assessing climate risks	275-278 319 281
Employee misconduct	Leadership Model Code of Conduct Culture & Conduct programme	345 345 346

2. Significant extra-financial risk factors for the Group[1] and recap on the main policies to limit their occurrence		
Lack of qualified staff	Risks related to the management of careers, skills and talent shortages, which affect the Group's appeal, performance and attrition rate	294-298
	■ Strategic workforce planning	294
	■ Principles for mobility and filling positions	295
	■ Recruitment policy	294
	■ Skills and Development Programs	295
	■ Employee performance and compensation policy	
	■ Talent management policy	297
	Compensation policy and risks	297
		112-154

3. Other regulatory topics		
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	Policy on tax havens	267
	Anti-money laundering measures	266
Actions to promote human rights	Code of Conduct	345
	Diversity policy	302
	E&S General Principles	275-277
	Duty of Care Plan	361-371

(1) See page 271 for the methodology used to identify these risk factors. As a provider of financial products and services, Societe Generale deems that the following areas do not represent major CSR risks for it and will not therefore consider them further in this DEFP: the circular economy, food waste, the fight against food poverty, animal welfare and the development of a responsible, fair and sustainable food industry.

9.2 DECLARATION OF THE ISSUER

This Universal Registration Document was filed on 13 March 2023 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

GLOSSARY

CORPORATE SOCIAL RESPONSIBILITY GLOSSARY

AA1000: the AccountAbility 1000 (AA1000) framework standard was published in November 1999 by the predominantly Anglo-Saxon Institute of Social and Ethical Accountability (ISEA). Based on systematic stakeholder engagement in a company's day-to-day business, it contains a series of indicators, targets and reporting systems designed to assure the credibility of a company's performance in such respect. Various major corporations, non-governmental organisations and public institutions are among those to have adopted the standard.

ADEME: the Environment and Energy Management Agency (ADEME or Ademe) is a French public industrial and commercial institution (EPIC) created in 1991. It is under the joint authority of the French ministries responsible for research and innovation, the ecological and solidarity transition, and higher education. ADEME drives, manages, coordinates, facilitates and carries out environmental protection and energy control operations.

ALD Automotive: a subsidiary of Societe Generale, ALD Automotive is the European leader in enterprise automotive mobility solutions. Operating in 43 countries, ALD Automotive provides companies with operational vehicle leasing and fleet management solutions.

Belt and Road: the new silk road comprises a "belt" of overland rail links and a "road" of shipping routes linking China to Europe through Kazakhstan, Russia, Belarus, Poland, Germany, France and the United Kingdom.

Blended finance: the strategic use of development finance and philanthropic funds to encourage additional inflows of private capital for emerging markets, generating positive results for both investors and local communities.

CIU (Collective Investment Undertaking): a type of financial instrument set up by an accredited entity to manage savings in accordance with a predefined strategy. It is effectively a professionally managed share portfolio. All sums invested in a CIU are pooled and converted into units or shares in the undertaking. These units or shares reflect the portfolio's value at any given time. This value is expressed as a "net asset value", calculated by dividing the total value of the CIU's net assets by the total number of its units or shares. The net asset value represents both the subscription price for a unit or share (with fees being payable in addition) and its redemption price.

***Convention d'Occupation Temporaire*:** a contract between a public entity and, typically, a private one, under which the latter is authorised to temporarily occupy part of the public domain. A pavement café would need such a contract, for example, for its outdoor seating.

CSA: French polling institute specialising in market research and opinion polls.

Eco-PTZ+: an interest-free loan for energy renovation work in residential properties. Subject to certain conditions, owners, occupiers and co-ownership associations can apply for loans ranging from EUR 7,000 to EUR 50,000, depending on the work they want to finance. The scheme is set to run until 31 December 2023.

EMEA: an abbreviation sometimes used by companies or organisations to refer to the business region encompassing Europe, the Middle East and Africa.

Equipment finance: financing of sales and capital goods.

ETF: Exchange Traded Funds (ETFs) are financial instruments that faithfully track the upward or downward movements in an underlying index.

FTE: refers to work performed on a full-time equivalent basis, in line with the legal working hours for the country in question.

Finansol: first introduced in 1997, the Finansol label marks out solidarity-based savings products from other savings vehicles for the general public.

Fing: the *Fondation Internet Nouvelle Génération* (New Generation Internet Foundation) is a French non-profit association set up in 2000. Its work falls into four main categories: bringing people together around new technologies; taking part in emerging ethical and societal debates; fostering innovative ideas and projects; and encouraging partnerships and the appropriation of innovation.

Framework: a document setting out the terms and conditions defined by the issuing entity for sustainable bond issues.

Green, social and sustainable loans, bonds and securitisations: green, social and sustainable loans or bonds finance projects offering clearly identified environmental and/or social benefits.

Green, sustainable export finance: trade finance instruments that support, guarantee and/or finance an underlying project that has a clear positive impact on the environment.

Greenfin: an initiative launched by the French Ministry for the Ecological and Solidarity Transition, Greenfin certification is a guarantee of an investment fund's green credentials. The label can be awarded to funds that invest in the common good and whose practices are transparent and sustainable. Funds that invest in companies in the nuclear and fossil fuel industries are not eligible for the Greenfin label.

GRI: the Global Reporting Initiative, or GRI, is an NGO founded in 1997 by the CERES (Coalition for Environmentally Responsible Economies) and the UNEP (United Nations Environment Programme) that has attracted stakeholders (companies, organisations, non-profit associations, etc.) from around the world. It was set up to develop a reporting framework allowing companies to measure how they are doing in terms of sustainable development. It has published a series of standards designed to help companies report on their economic, social and environmental performance.

IIRC: the International Integrated Reporting Council (IIRC) is a global coalition of companies, investors, regulators, standard setters, members of the accounting profession and NGOs. Its members are united by the conviction that corporate reporting needs to be made more about value creation. To help make this happen, the International IR Framework provides a common set of guidelines, key concepts and components for Integrated Reporting.

International Capital Market Association (ICMA): a global professional body and *de facto* regulator whose members include investment banks and securities dealers active on the international debt capital market.

Ipsos: French polling company founded in 1975 that also conducts opinion marketing research worldwide.

Issuing bank: a financial organisation or bank that grants credit or credit cards through card associations, opening a letter of credit in favour of a seller or exporter (the beneficiary), which is then forwarded onto an advising bank, the issuing bank undertaking to honour all demand drafts. The issuing bank thus promises to make good on charges made by the credit card holder.

LDDS: the *Livret de développement durable et solidaire* (sustainable development and solidarity savings account) is an instant-access interest-bearing savings account designed to finance small- and medium-sized enterprises, as well as the social and solidarity economy. Since 1 October 2020, LDDS accountholders have also had the option of making donations to one or more social and solidarity companies or non-profit associations.

***Le Chaînon Manquant*:** French non-profit association that combats food waste by recovering good-quality unsold foodstuffs from catering establishments for redistribution to those in need.

LGBTI: an acronym for people who are lesbian, gay, bisexual, transgender or intersex. It encompasses all those who engage in anything other than solely heterosexual relations.

***Livret A*:** an interest-bearing, instant-access savings passbook that is regulated, meaning that its terms – especially the cap and interest rate – are set by the public authorities. Part of the deposits in such accounts can be used to help finance social housing projects. The *Caisse des Dépôts et Consignations* pools 60% of all funds on *Livret A* accounts, using them to invest in projects in the public interest, such as building social housing and granting long-term loans to providers of social housing or to local authorities for infrastructure development, including building hospitals and transport infrastructure. The remaining 40% is managed by the banks and generates interest for savers.

LuxFLAG: the Luxembourg Finance Labelling Agency (LuxFLAG) is an independent and international non-profit association founded in July 2006. It aims to promote sustainable investments by awarding a transparent label to investment vehicles that are active in the fields of microfinance, the environment, ESG (environment, social, governance), climate finance and green bonds. LuxFLAG labels are designed to reassure investors that the investment vehicle in question genuinely pursues responsible investment of the assets it manages. There are no restrictions on eligibility for international investment vehicles based on issuing countries or where the vehicle is domiciled. LuxFLAG is guided by four core values: sustainability, transparency, independence and responsibility.

OMDF (Off-Grid Market Development Fund): a fund that aims to step up the rollout of sustainable electricity in Madagascar through the use of off-grid solar solutions.

PEA PME/ETI: a French share savings plan designed to finance SMEs/mid-caps. The PEA PME/ETI was created to encourage French-resident savers to invest in French SMEs and mid-caps, in return for certain tax benefits. Savers benefit from tax reductions on the capital gains they derive from these plans, subject to certain conditions (such as a minimum holding period).

Phenix: a French start-up founded in 2014 to offer companies a way to cut down on waste. Phenix collects their unsold goods (foodstuffs, toiletries, cleaning products, school supplies, etc.) and then either donates them to food banks and charities or sells them at cut-price rates through its mobile app.

Physical risk: refers to the financial impact of climate change, as a result of more frequent extreme weather events as well as progressive climate change. Physical risks can be either "acute" (impact of extreme weather events, such as storms and flooding) or chronic (impact of more progressive shifts, such as higher temperatures, rising sea levels and water stress). These physical risks may have financial implications for organisations, such as direct damage, supply shocks (affecting their own assets or else their supply chains, resulting in an indirect impact) or demand shocks (affecting downstream destination markets). An organisation's financial performance may also be affected by changes in water availability, sourcing and quality, food security, or extreme temperature variations affecting its premises, operations, supply chains, transport needs and employee safety.

Positive Impact note: Societe Generale has put together a range of positive impact notes (PI Notes) that offer investors the opportunity to invest in a structured note with the additional benefit of promoting Positive Impact Finance. When a client invests in PI Notes, Societe Generale commits to holding in its books an amount of Positive Impact Finance assets equivalent to 100% of the outstanding nominal amount of the note.

Positive-impact project: a project whose environmental or social impacts have been measured and evaluated prior to its launch to identify how it will contribute to positive change for society or the planet. Positive-impact projects can cover a range of fields: the environment, education, social issues, health, food, biodiversity, gender equality, etc.

RE2020: new French environmental regulations introduced with a view to taking energy efficiency and user comfort a step further in buildings whilst reducing their carbon footprint.

Rosbank: Societe Generale's subsidiary in Russia, Rosbank is a universal bank offering a comprehensive range of services to all types of clients.

Social impact bond: financial bonds issued by the public sector to private operators on a pay-for-success basis to finance social projects.

Societe Generale Equipment Finance (SGEF): a subsidiary of the Societe Generale Group, SGEF specialises in financing sales and professional capital goods. Operating in 40 countries, SGEF offers its clients solid knowledge of the transport, industrial equipment and high-tech sectors.

Speak-up culture: in human resources, this refers to a working environment where people feel welcome, included and free to express their views and opinions, confident in the knowledge that they will be heard and acknowledged.

SPI: Sustainable and Positive Investment for wealth and asset management activities, including the structuring of products aimed at institutional and individual investors.

SPIF: Sustainable and Positive Impact Finance involves financing clients' credit institution, leasing and/or support activities with a view to boosting their positive impact.

SRI: the SRI (Socially Responsible Investment) label is a tool for choosing sustainable and responsible investments. Created and supported by the French Ministry of Finance, the label aims to raise the profile of SRI products for savers in France and Europe.

Sustainability-linked bond: any type of bond instrument for which the characteristics (especially the financial characteristics) can vary depending on whether the issuer achieves certain predefined environmental, social and/or governance objectives.

Sustainability-Linked Bond Principles (SLBP): a set of guidelines intended for use by market participants and designed to drive the provision of the information needed to increase capital allocation to sustainability-linked bonds. The SLBP are applicable to all types of issuers and financial capital market instruments.

Sustainability-linked derivative: a derivative which creates an ESG-linked cash-flow in the context of a traditional derivative instrument (such as an increase in spread linked to a failure to meet an ESG target).

Sustainability-linked loan: a credit facility granted with an interest rate that varies according to the borrower's ESG performance. Also referred to as positive-impact loans.

Sustainable bond: a form of debt securities, sustainable bonds are issued to finance one or more existing, progressing or new projects that are identified and classified as "sustainable". Such bonds are intended for all investor classes. A project's "sustainability" is defined by its positive contribution to a sustainable development goal (social or environmental).

Sustainable bond issue: with a sustainable bond issue, the entirety of the net proceeds from the issue go towards financing or refinancing environmental and social projects.

Transition risk: refers to the risk of financial losses for an institution as a direct or indirect result of adjusting to a more environmentally sustainable low-carbon economy. Transitioning to a low-carbon economy to meet the challenges of mitigating and adapting to climate change can involve major political, legal, technological and market changes. The exact nature and direction of these changes, as well as how fast they occur, will affect the extent of the financial and reputational risk elements making up transition risks. Although the TCFD's recommendations do not specifically mention it, the Group also includes within transition risk the liability risk arising from possible compensation claims from parties having sustained losses as a result of physical or transition risks.

WWF: the World Wildlife Fund is an international non-governmental organisation (INGO) established in 1961, dedicated to environmental protection and sustainable development. It is one of the world's largest environmental INGOs with more than six million supporters worldwide, working in more than 100 countries and supporting some 1,300 environmental projects.

GLOSSARY OF MAIN TECHNICAL TERMS

ACRONYM TABLE

Acronym	Definition	Glossary
ABS	Asset-Backed Securities	See: Securitisation
CDS	Credit Default Swap	See: Securitisation
CDO	Collateralised Debt Obligation	See: Securitisation
CLO	Collateralised Loan Obligation	See: Securitisation
CMBS	Commercial Mortgage Backed Securities	See: Securitisation
CRD	Capital Requirement Directive	
CVaR	Credit Value at Risk	
EAD	Exposure at default	
EL	Expected Loss	
ESG	Environment, Social and Governance	
G-SIB	Global Systemically Important Banks	See: SIFI
LCR	Liquidity Coverage Ratio	
LGD	Loss Given Default	
NSFR	Net Stable Funding Ratio	
PD	Probability of Default	
RMBS	Residential Mortgage Backed Securities	See: Securitisation
RWA	Risk Weighted Assets	
SVaR	Stressed Value at Risk	
VaR	Value at Risk	

Asset Backed Securities (ABS): see securitisation.

Basel 1 (Accords): prudential framework established in 1988 by the Basel Committee to ensure solvency and stability in the international banking system by setting an international minimum and standardised limit on banks' capital bases. It notably establishes a minimum capital ratio – as a proportion of the total risks taken on by banks – of 8% (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 2 (Accords): prudential framework used to better assess and limit banks' risks. It is focused on banks' credit, market and operational risks (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 3 (Accords): changes to prudential banking standards that supplement the Basel 2 accords by improving the quality and quantity of banks' required capital. They also implement minimum requirements in terms of liquidity risk management (quantitative ratios), define measures to limit the financial system's procyclicality (capital buffers that vary according to the economic cycle) and strengthen requirements related to systemically significant banks (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012). The Basel 3 Accords are implemented in Europe under Directive 2013/36/EU ("CRD4") and Regulation 575/2013 ("CRR"), which have been in force since 1 January 2014.

Bond: a bond is a fraction of a loan, issued in the form of a security, which is tradable and – in a given issue – grants a receivable over the issuer according to the issue's nominal value (the issuer being a company, public sector entity or government).

Cash Generating Unit (CGU): the smallest identifiable set of assets which generates incoming cash flow that is generally independent from the incoming cash flow generated by other assets or sets of assets in accordance with the IAS 36 accounting standard. "In accordance with IFRS standards, a company must determine the largest number of cash generating units (CGU) which make it up; these CGU should be generally independent in terms of operations and the company must allocate assets to each of these CGU. Impairment testing must be conducted at the CGU level periodically (if there are reasons to believe that their value has dropped) or annually (if they include goodwill)." (Source: *Les Echos.fr*, quoting Vernimmen).

Collateral: transferable asset or guarantee used as a pledge for the repayment of a loan in the event that the borrower cannot meet its payment obligations (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Collateralised Debt Obligation (CDO): see securitisation.

Collateralised Loan Obligation (CLO): see securitisation.

Commercial Mortgage Backed Securities (CMBS): see securitisation.

Common Equity Tier 1 capital: includes principally share capital, associated share premiums and reserves, less prudential deductions.

Common Equity Tier 1 ratio: ratio between **Common Equity Tier 1** capital and risk-weighted assets, according to CRD4/CRR rules. Common Equity Tier 1 capital has a more restrictive definition than in the earlier CRD3 Directive (Basel 2).

Comprehensive Risk Measurement (CRM): capital charge in addition to Incremental Risk Charge (IRC) for the credit activities correlation portfolio which accounts for specific price risks (spread, correlation, collection, etc.). The CRM is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Core Tier 1 ratio: ratio between Core Tier 1 capital and risk-weighted assets, according to Basel 2 rules and their changes known as Basel 2.5.

Cost-to-income ratio: ratio indicating the share of net banking income (NBI) used to cover the company's operating costs. It is determined by dividing management fees by the NBI.

Cost of risk in basis points: the cost of risk in basis points is calculated using the ratio of the net cost of commercial risk to loan outstandings at the start of the period.

Net cost of risk corresponds to the cost of risk calculated for on- and off-balance sheet exposures, *i.e.* Depreciation and reversals (used or not used) + Losses on unrecoverable receivables - Recovery of impaired debts. Provisions and reversals of provisions for litigation issues are excluded from this calculation.

CRD3: European Directive on capital requirements, incorporating the provisions known as Basel 2 and 2.5, notably in respect of market risk: improvement in the incorporation of the risk of default or rating migration for assets in the trading book (tranched and untranched assets), and reduction in the procyclicality of Value at Risk (see definition).

CRD4/CRR (Capital Requirement Regulation): Directive 2013/36/EU ("CRD4") and Regulation (EU) No. 575/2013 ("CRR") constitute the corpus of the texts transposing Basel 3 in Europe. They therefore define the European regulations relating to the solvency ratio, large exposures, leverage and liquidity ratios, and are supplemented by the European Banking Authority's ("EBA") technical standards.

Credit and counterparty risk: risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk also includes the counterparty risk linked to market transactions, as well as that stemming from securitisation activities.

Credit Default Swaps (CDS): insurance mechanism against credit risk in the form of a bilateral financial contract, in which the protection buyer periodically pays the seller in return for a guarantee to compensate the buyer for losses on reference assets (government, bank or corporate bonds) if a credit event occurs (bankruptcy, payment default, moratorium, restructuring) (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Credit Value at Risk (CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

Derivative: a financial asset or financial contract, the value of which changes based on the value of an underlying asset, which may be financial (equities, bonds, currencies, etc.) or non-financial (agricultural or other commodities, etc.). Depending on the circumstances, this change may be accompanied by a leverage effect. Derivatives can take the form of securities (warrants, certificates, structured EMTNs, etc.) or contracts (forwards, options, swaps, etc.). Listed derivative contracts are called Futures.

Doubtful loan coverage rate: ratio between portfolio provision and depreciation and doubtful outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Expected Loss (EL): losses that may occur given the quality of a transaction's structuring and all measures taken to reduce risk, such as collateral.

Exposure at default (EAD): exposure in case of default, exposure incurred by the financial institution in the event of default of a counterparty. The EAD includes both balance sheet and off-balance sheet exposures. Off-balance sheet exposures are converted to their balance sheet equivalent using internal or regulatory conversion factors (drawdown assumption).

Fair value: the amount for which an asset could be exchanged or a liability settled, between informed and consenting parties under normal market conditions.

Government-backed loans (PGE): In light of the Covid-19 pandemic, the French State set up an emergency financing scheme to help debtors manage their cash requirements for an amount capped at 25% of their revenue and with an initial bullet redemption phase over 12 months. At the end of this initial phase, the client may opt for a redemption period of up to five years.

Ninety percent of the loan amount for professional and VSB clients is backed by the French government. The only cost to these clients is a 0.25% commission to the French Public Investment Bank (BPI).

For corporate clients, 70% to 90% of the loan amount is backed by the French government. The only cost to these clients is a commission of between 0.25% and 0.50% paid to the French government and collected by the French Public Investment Bank (BPI) depending on the revenue bracket.

Gross rate of doubtful outstandings: the ratio between doubtful outstandings and gross book loan outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Haircut: percentage by which the market value of securities is reduced to reflect their value in the context of stress (counterparty or market stress risk). The extent of the reduction reflects the perceived risk.

Impairment: recording of probable loss on an asset (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Incremental Risk Charge (IRC): capital cost incurred due to rating migration risk and risk of issuers' default within a one-year horizon for trading book debt instruments (bonds and CDS). The IRC is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Insurance risk: beyond asset/liability risk management (interest-rate, valuation, counterparty and currency risk), insurance risk includes underwriting risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, or acts of terrorism or war).

Internal Capital Adequacy Assessment Process (ICAAP): process outlined in Pillar 2 of the Basel Accord, by which the Group verifies its capital adequacy with regard to all risks incurred. Investment grade: long-term rating provided by an external ratings agency, ranging from AAA/Aaa to BBB-/Baa3 for a counterparty or underlying issue. A rating of BB+/Ba1 or lower indicates a Non-Investment Grade instrument.

Leverage ratio: the leverage ratio is intended to be a simple ratio developed with a view to limiting the size of banks' balance sheets. The leverage ratio compares the Tier 1 capital with the accounting balance sheet/off-balance sheet, after restatements of certain items. A new definition of leverage ratio has been implemented in accordance with the application of the CRR.

Liquidity: for a bank, the capacity to cover its short-term maturities. For an asset, this term indicates the potential to purchase or sell it quickly on the market, with a limited discount (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Liquidity Coverage Ratio (LCR): this ratio is intended to promote the short-term resilience of a bank's liquidity risk profile. The LCR requires banks to hold risk-free assets that may be easily liquidated on markets in order to meet required payments for outflows net of inflows during a thirty-day crisis period without central bank support (Source: December 2010 Basel document).

Loss Given Default (LGD): ratio between the loss incurred from exposure to default by a counterparty and the amount of the exposure at the time of default.

Market risk: risk of decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate.

Market stress tests: to assess market risks, alongside the internal VaR and SVaR model, the Group monitors its exposure using market stress test simulations to take into account exceptional market occurrences, based on 26 historical scenarios and eight hypothetical scenarios.

Mezzanine: form of financing between equity and debt. In terms of ranking, mezzanine debt is subordinate to senior debt, but it is still above equity.

Minimum requirement of own funds and eligible liabilities (MREL): the EU Bank Recovery and Resolution Directive (BRRD) requires compliance with a minimum ratio of "bail-inable" debt (*i.e.* debt that can be used in the event of the bank's resolution). The MREL requirement is determined on a case-by-case basis for each bank.

Monoline insurer: insurance company participating in a credit enhancement transaction and which guarantees bond issues (for example, a securitisation transaction), in order to improve the issue's credit rating.

Net earnings per share: net earnings of the company (adjusted for hybrid securities recorded under equity instruments) divided by the weighted average number of shares outstanding.

Net Stable Funding Ratio (NSFR): this ratio aims to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding. This structural ratio has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities (Source: December 2010 Basel document).

Netting agreement: a contract in which two parties to a forward financial instrument, securities lending or resale contract agree to offset reciprocal claims arising from these contracts, with the settlement of these claims based only on the net balance, especially in the event of default or termination. A master netting agreement enables this mechanism to be extended to different kinds of transactions, subject to various framework agreements under a master agreement.

Operational risk (including accounting and environmental risk): risk of losses or sanctions, notably due to failures in procedures and internal systems, human error or external events, etc.

Own shares: shares held by the company, especially as part of the Share Buyback programme. Own shares are excluded from voting rights and are not included in the calculation of earnings per share, with the exception of shares held as part of a liquidity contract.

Personal commitment: represented by a deposit, autonomous guarantee or letter of intent. Whoever makes themselves guarantor for an obligation binds themselves to the creditor to honour that obligation, if the debtor does not honour it themselves. An independent guarantee is an undertaking by which the guarantor binds himself, in consideration of a debt subscribed by a third party, to pay a sum either on first demand or subject to terms agreed upon. A letter of intent is an undertaking to do or not to do, the purpose of which is the support provided to a debtor in honouring their obligation.

Physical collateral: guarantees consisting of assets including tangible and intangible property and securities, including commodities, precious metals, cash, financial instruments and insurance contracts.

Prime Brokerage: a bundled package of services dedicated to hedge funds to facilitate and improve their activities. In addition to performing standard brokerage transactions on financial markets (buying and selling on the customer's behalf), the prime broker offers securities lending and borrowing services and financing services specifically suited to hedge funds.

Probability of Default (PD): likelihood that a counterparty of the bank will default within one year.

Rating: assessment by a ratings agency (Moody's, Fitch Ratings, Standard & Poor's) of the financial solvency risk of an issuer (company, government or other public institution) or of a given transaction (bond loan, securitisation, covered bond). The rating has a direct impact on the cost of raising capital (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Resecuritisation: securitisation of an already securitised exposure where the risk associated with underlyings is divided into tranches and, therefore, at least one of the underlying exposures is a securitised exposure.

Residential Mortgage Backed Securities (RMBS): see securitisation.

Return On Equity (ROE): ratio between the net income restated for interest on hybrid securities recorded under equity instruments and restated book equity (especially hybrid securities), which enables return on capital to be measured.

Risk appetite: level of risk, by type and by business line, that the Group is prepared to take on with regard to its strategic objectives. Risk appetite is derived using both quantitative and qualitative criteria. The Risk Appetite exercise is one of the strategic steering tools available to the Group's decision-making bodies.

Risk weight: percentage of weighting of exposures which is applied to a particular exposure in order to determine the related risk-weighted asset.

Risk-Weighted Assets (RWA): value of a bank's assets or exposures, weighted according to risk.

Securitisation: transaction that transfers a credit risk (loan outstandings) to an organisation that issues, for this purpose, tradable securities to which investors subscribe. This transaction may involve a transfer of outstandings (physical securitisation) or a transfer of risk only (credit derivatives). Securitisation transactions may, if applicable, enable securities subordination (tranches).

The following products are considered securitisations:

ABS: Asset Backed Securities.

CDO: Collateralised Debt Obligation, a debt security backed by an asset portfolio (bank loans (residential) or corporate bonds). Interest and principal payments may be subordinated (tranche creation).

CLO: Collateralised Loan Obligation, a CDO backed by an asset portfolio of bank loans.

CMBS: Commercial Mortgage Backed Securities, a debt security backed by an asset portfolio of corporate real estate loans leading to a mortgage.

RMBS: Residential Mortgage Backed Securities, a debt security backed by an asset portfolio of residential mortgage loans.

Share: equity stake issued by a company in the form of shares, representing a share of ownership and granting its holder (shareholder) the right to a proportional share in any distribution of profits or net assets as well as a right to vote in a General Meeting of Shareholders.

Stressed Value at Risk (SVaR): identical to the VaR approach, the calculation method consists of a "historical simulation" with "one-day" shocks and a 99% confidence interval. Unlike the VaR, which uses 260 scenarios of daily variation year-on-year, the stressed VaR uses a fixed one-year window that corresponds to a historical period of significant financial tensions.

Structural interest rate and currency risk: risk of loss or of write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest rate and exchange rate risks are incurred in commercial activities and proprietary transactions.

Structured issue or structured product: a financial instrument combining a bond product and an instrument (an option for example) providing exposure to all types of asset (equities, currencies, interest rates, commodities). Instruments can include a total or partial guarantee in respect of the invested capital. The term "structured product" or "structured issue" also refers to securities resulting from securitisation transactions, where holders are subject to a ranking hierarchy.

Systemically Important Financial Institution (SIFI): the Financial Stability Board (FSB) coordinates all of the measures to reduce moral hazard and risks to the global financial system posed by Globally Systemically Important Financial Institutions (G-SIFI). These banks meet criteria defined in the Basel Committee rules included in the document titled "Global Systemically Important Banks: Assessment methodology and the additional loss absorbency requirement" and published as a list in November 2011. This list is updated by the FSB each November. Banks classified as G-SIBs are subject to increasingly strict capital requirements.

Tier 1 capital: comprises Common Equity Tier 1 capital and Additional Tier 1 capital. The latter corresponds to perpetual debt instruments, with no incentive to redeem, less prudential deductions.

Tier 2 capital: supplementary capital consisting mainly of subordinated notes less prudential deductions.

Tier 1 ratio: ratio between Tier 1 capital and risk-weighted assets.

Total capital ratio or Solvency ratio: ratio between total (Tier 1 and Tier 2) capital and risk-weighted assets.

Total Loss Absorbing Capacity (TLAC): on 10 November 2014, the Financial Stability Board (FSB) published for public consultation a term sheet proposing a "Pillar 1" type requirement regarding loss-absorbing capacity in the event of resolution. This new requirement only applies to G-SIBs (Global Systemically Important Banks). It is a ratio of liabilities considered to be "bail-inable" in the event of resolution and calculated with respect to weighted risks or the leverage ratio denominator (Source: *Revue de l'ACPR*, No. 25).

Transformation risk: appears as soon as assets are financed through resources with a different maturity. Due to their traditional activity of transforming resources with a short maturity into longer-term maturities, banks are naturally faced with transformation risk which itself leads to liquidity and interest-rate risk. Transformation occurs when assets have a longer maturity than liabilities; anti-transformation occurs when assets are financed through longer-maturity resources.

Treasury shares: shares held by a company in its own equity through one or several intermediary companies in which it holds a controlling share either directly or indirectly. Treasury shares are excluded from voting rights and are not included in the calculation of earnings per share.

Value at Risk (VaR): composite indicator used to monitor the Group's daily market risk exposure, notably for its trading activities (99% VaR in accordance with the internal regulatory model). It corresponds to the greatest risk calculated after eliminating the top 1% of most unfavourable occurrences observed over a one-year period. Within the framework described above, it corresponds to the average of the second and third largest losses computed.

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