20221025021358

ÅRSREDOVISNING

2021-01-01--2021-12-31

för

ALD Automotive AB
556561-3485

ALD Automotive

Årsredovisningen omfattar:	**Sida**
Förvaltningsberättelse	2
Resultaträkning	5
Balansräkning	6
Rapport över förändringar i eget kapital	8
Kassaflödesanalys	9
Noter	10

Fastställelseintyg

Undertecknad verkställande direktör i ALD Automotive AB intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 30 juni 2022. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Täby den 11 juli 2022

Franciscus Alofs

ALD Automotive AB
556561-3485

20221025021359

ÅRSREDOVISNING FÖR ALD AUTOMOTIVE AB

Styrelsen och verkställande direktören för ALD Automotive AB avger härmed årsredovisning för räkenskapsåret 2021-01-01--2021-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning
Bolagets verksamhet är leasing av personbilar och lätta lastbilar av samtliga märken. ALD Automotive AB erbjuder även komplett outsourcing av all fordonsrelaterad administration samt ombesörjer även alla inköp avseende drift, drivmedel, försäkring samt försäljning. Nettoomsättningen har uppgått till 1 193 636 tkr (1 095 167 tkr) en ökning med 9 %. ALD Automotive AB har fortsatt arbetet med att etablera en sund marknadsplattform med nya svenska och internationella kunder.

Ägarförhållanden
ALD koncernen består av ALD Automotive AB och NF Fleet AB (556692–3271) som ägs till 80 % av ALD Automotive AB och till 20 % av Nordea Finans Sverige AB (556021-1475). ALD Automotive AB är ett helägt dotterbolag till ALD International Group Holdings GmbH (HRB 97562) som i sin tur är ett helägt dotterbolag till ALD International GmbH (HRB 158654) som i sin tur är ett helägt bolag till ALD SA (FR81417689395) som är helägt av Société Générale SA (FR552120222).

Väsentliga händelser under räkenskapsåret
Sedan Q1 2020 har året präglats av Covid-19 pandemin som har påverkat de flesta länder runt om i världen, såväl Sverige. Trots pandemin har ALD Automotive AB påvisat en stark motståndskraft med en begränsad minskning av den finansierade flottan (-6,9%), kompenserat med en ökning av rörelseintäkter (+9,8%). Detta tack vare förnyat förtroende från kunder och en solid affärsmodell med en längd av leasingkontrakt från 3 till 4 år. ALD Automotive AB har anpassat sin organisation för att fortsätta leverera hög kvalité till sina kunder, samtidigt som vi ställt om och respekterat nya förutsättningar med mer distansarbete.

Översikt

(Tkr)	2021	2020	2019	2018	2017
Nettoomsättning	1 193 636	1 095 167	986 563	905 699	866 945
Rörelseresultat	281 239	226 294	139 961	111 767	107 343
Resultat e. finansiella poster	309 386	256 134	170 329	135 969	166 651
Balansomslutning	3 773 554	3 940 032	3 787 713	3 411 172	3 005 250
Soliditet [1]	11,4%	9,7%	8,2%	8,7%	10,1%
Avkastning på eget kapital [2]	76,3%	74,0%	56,0%	45,4%	44,0%
Avkastning på totalt kapital [3]	9,0%	7,3%	5,2%	4,6%	5,8%
Medelantal anställda	103	80	84	83	78

[1] Justerat eget kapital / Balansomslutning. Med justerat eget kapital avses eget kapital + obeskattade reserver med avdrag för uppskjuten skatteskuld.

[2] Resultat efter finansiella poster / Genomsnittligt justerat Eget kapital

[3] (Resultat efter finansiella intäkter och kostnader + räntekostnader) / Genomsnittlig balansomslutning

ALD Automotive AB
556561-3485

20221025021660

Väsentliga risker och osäkerhetsfaktorer
Sverige kan inte stå emot den globala ekonomins avmattning till följd av den fortsatta pandemin under 2021, med potentiella företagskonkurser som följd. Även kriget i Ukraina påverkar ekonomin kraftigt med stigande räntor och ökande inflation.
ALD Automotive ABs affärsmodell med 3-års kontrakt och månadsvisa intäktströmmar, skapar en säkerhet för våra intäkter och således begränsar den nedåtgående ekonomins påverkan. Att ALD Automotive ABs tjänster erbjuds främst i Sverige, samt vår breda kundstock (stora, små och medelstora bolag från alla sektorer, inkluderande statliga organ), kan bidra till att mildra den påverkan som det instabila ekonomiska läget i världen för med sig just nu.

Ledningen har identifierat följande risker som kan få en betydande effekt på ALD Automotives resultat för 2022:

- Affärsrisk:
Långsammare tillväxt av vår fleet, med färre förnyade kontrakt med redan befintliga kunder och lägre efterfrågan från nya kunder. Långa leveranstider på nya fordon påverkar tillväxten negativt men gynnar å andra sidan försäljningen av begagnade bilar.

- Kundrisk:
Likviditetssvårigheter bland våra kunder leder till ökade kundfordringar och potentiella konkurser.

- Valutarisk:
En försvagning av den svenska kronan samtidigt som att euron stärks gör att kostnaderna kan komma att öka. Detta kommer dock mildras genom en ökad export av begagnade bilar till grannländer (främst Finland, Norge och Tyskland).

Förväntad framtida utveckling
Vi förväntar oss en fortsatt positiv utveckling av våra produkter och tjänster på grund av fortsatt ökad efterfrågan på outsourcing av bilar. ALD Automotive AB stödjer övergången till kundernas mer miljövänliga fleet genom att erbjuda hybrid och el-fordon.

Den 5 januari 2022 meddelade ALD Automotive att man planerar att förvärva sin nederländska konkurrent LeasePlan. Köpet kommer att skapa Europas största leasingföretag för bilar, under namnet NewALD.

Personal
Bolagets ersättningspolicy följer de riktlinjer som gäller inom SG koncernen. Till viss del tillämpas rörliga ersättningar till personalen. Inom bolaget finns förmåner såsom friskvårdsbidrag och tjänstebil.

Miljö
Miljöarbetet inom ALD Automotive AB är sedan 2008 certifierat enligt ISO 14001.
ALD Automotive arbetar aktivt med att hjälpa kunderna att minska sin miljöbelastning genom bland annat bilrekommendationer och rådgivande information.

Hållbarhetsrapport
ALD Automotive AB inkluderas i ALD Internationals Hållbarhetsrapport.

Resultatdisposition
Förslag till dispositioner beträffande vinst

Till årsstämmans förfogande står följande vinstmedel	
Balanserat resultat	11 368
Årets resultat	259 451
	270 819
Styrelsen föreslår att vinstmedlen disponeras så att:	
till aktieägarna utdelas 1 297 kr per aktie totalt	259 400
i ny räkning överförs	11 419
	270 819

ALD Automotive AB
556561-3485

20221025021611

Styrelsens yttrande över den föreslagna vinstutdelningen
Efter den föreslagna utdelningen uppgår bolagets soliditet till 4,4%. Soliditeten är mot bakgrund av att bolagets verksamhet fortsatt bedrivs med lönsamhet betryggande. Finansieringen för bolaget görs med hjälp av vårt moderbolag varför likviditeten i bolaget bedöms kunna upprätthållas på en likaledes betryggande nivå.
Styrelsens uppfattning är att den föreslagna utdelningen ej hindrar bolaget från att fullgöra sina förpliktelser på kort och lång sikt. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kap 3§ 2-3 st (försiktighetsregeln).

Beträffande företagets resultat och ställning i övrigt hänvisas till efterföljande resultat-och balansräkning, rapport över förändringar i eget kapital, kassaflödesanalys samt noter. Alla belopp uttrycks i tusental svenska kronor där ej annat anges.

ALD Automotive AB
556561-3485

20221025021162

RESULTATRÄKNING
(Tkr)

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Rörelsens intäkter			
Nettoomsättning	4	1 193 636	1 095 167
Övriga rörelseintäkter		219 059	191 682
		1 412 695	**1 286 849**
Rörelsens kostnader			
Övriga externa kostnader	5	-224 749	-240 216
Personalkostnader	6	-137 062	-83 767
Avskrivningar och nedskrivningar av materiella och immateriella anläggningstillgångar	7	-767 943	-711 813
Övriga rörelsekostnader		-1 702	-24 759
Rörelseresultat		**281 239**	**226 294**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande intäkter	8	67 499	55 286
Räntekostnader och liknande kostnader	9	-39 352	-25 446
Resultat efter finansiella poster		**309 386**	**256 134**
Resultat före skatt		**309 386**	**256 134**
Skatt på årets resultat	10	-49 926	-43 213
Övriga skatter		-9	0
ÅRETS RESULTAT		**259 451**	**212 921**

DocuSign Envelope ID: DD44B580-264F-46C2-8153-A2CCA4CD0FEC

ALD Automotive AB
556561-3485

20221025021163

BALANSRÄKNING
(Tkr)

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Leasingbilar	11	2 916 781	3 158 044
Inventarier, verktyg och installationer	12	878	1 119
		2 917 659	**3 159 163**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	13	10 720	10 720
		10 720	**10 720**
Summa anläggningstillgångar		**2 928 379**	**3 169 883**
Omsättningstillgångar			
Varulager m m			
Bilar		37 047	34 802
		37 047	**34 802**
Kortfristiga fordringar			
Kundfordringar		676 970	626 085
Fordringar hos koncernföretag		0	1 207
Aktuella skattefordringar		4 010	9 733
Övriga fordringar		121 040	17 531
Förutbetalda kostnader och upplupna intäkter	14	3 513	80 791
		805 533	**735 347**
Kassa och bank		**2 595**	**0**
Summa omsättningstillgångar		**845 175**	**770 149**
SUMMA TILLGÅNGAR		**3 773 554**	**3 940 032**

ALD Automotive AB
556561-3485

20221025021164

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	15	20 000	20 000
Reservfond		472	472
		20 472	**20 472**
Fritt eget kapital			
Balanserad vinst		11 368	11 246
Årets resultat		259 451	212 921
		270 819	**224 167**
Summa eget kapital		**291 291**	**244 639**
Obeskattade reserver	16	**174 192**	**174 192**
Avsättningar			
Garantiavsättning	17	3 625	3 580
		3 625	**3 580**
Långfristiga skulder			
Skulder till koncernföretag	18	1 841 000	1 537 000
		1 841 000	**1 537 000**
Kortfristiga skulder			
Leverantörsskulder		131 596	111 154
Skulder till koncernföretag och kreditinstitut	18	985 691	1 569 032
Övriga kortfristiga skulder		24 139	14 452
Upplupna kostnader och förutbetalda intäkter	19	322 020	285 983
		1 463 446	**1 980 621**
SUMMA EGET KAPITAL OCH SKULDER		**3 773 554**	**3 940 032**

ALD Automotive AB
556561-3485

20221025021653

RAPPORT ÖVER FÖRÄNDRINGAR I EGET KAPITAL

(Tkr)

	Bundet eget kapital		*Fritt eget kapital*		
	Aktie-kapital	Reserv-fond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2020	**20 000**	**472**	**10 348**	**143 898**	**174 718**
Disposition av föregående års resultat			143 898	-143 898	0
Årets resultat				212 921	212 921
Transaktioner med ägare:					
Utdelningar			-143 000		-143 000
Utgående balans per 31 december 2020	**20 000**	**472**	**11 246**	**212 921**	**244 639**

	Bundet eget kapital		*Fritt eget kapital*		
	Aktie-kapital	Reserv-fond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2021	**20 000**	**472**	**11 246**	**212 921**	**244 639**
Disposition av föregående års resultat			212 921	-212 921	0
Årets resultat				259 451	259 451
Utdelningar			-212 800		-212 800
Utgående balans per 31 december 2021	**20 000**	**472**	**11 367**	**259 451**	**291 290**

ALD Automotive AB
556561-3485

20221025021666

KASSAFLÖDESANALYS
(Tkr)

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Den löpande verksamheten			
Rörelseresultat		281 239	226 294
Justeringar för poster som inte ingår i kassaflödet:			
Avskrivningar	11,12	767 943	711 813
Realisationsvinst		-8 356	-141 402
Erhållen utdelning	8	67 107	54 400
Erhållen ränta	8	67 499	886
Erlagd ränta		-39 352	-25 446
Betald inkomstskatt		-44 203	-26 432
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**1 091 877**	**800 113**
Kassaflöde från förändringar i rörelsekapital			
Minskning(+)/ökning(-) av varulager		-2 245	5 366
Minskning(+)/ökning(-) av kundfordringar		-50 885	-37 923
Minskning(+)/ökning(-) av övriga kortfristiga fordringar		-25 024	-25 200
Minskning(-)/ökning(+) leverantörsskulder		20 442	-91 880
Minskning(-)/ökning(+) av övriga kortfristiga skulder		-537 579	832 395
Kassaflöde från den löpande verksamheten		**496 586**	**1 482 871**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar	11,12	-1 100 854	-1 538 094
Försäljning av materiella anläggningstillgångar		582 770	851 162
Förändring långfristig fordran/skuld till koncernbolag		304 000	-658 117
Kassaflöde från investeringsverksamheten		**-214 084**	**-1 345 049**
Finansieringsverksamheten			
Utbetald utdelning		-212 800	-143 000
Kassaflöde från finansieringsverksamheten		**-212 800**	**-143 000**
Årets kassaflöde		**69 702**	**-5 178**
Likvida medel vid årets början		**0**	**5 178**
Likvida medel vid årets slut		**69 702**	**0**

ALD Automotive AB
556561-3485

20221025021167

NOTER

Not 1 Allmän information

ALD Automotive AB med organisationsnummer 556561-3485 är ett aktiebolag registrerat i Sverige med säte i Täby. Adressen till huvudkontoret är Eldarvägen 6, 187 75 Täby. Företagets verksamhet omfattar leasing av personbilar och lätta lastbilar till företag och privatpersoner, samt försäljning av begagnade leasingbilar.

Moderföretag i den största koncernen som ALD Automotive AB är dotterföretag till är Societe Generale, Trade Register No. 552 120 222 med säte i Paris. Moderföretag i den minsta koncernen som ALD Automotive AB är dotterföretag till är ALD International Group Holdings GmbH, org.nr. HRB 97562, med säte i Hamburg. Det utländska moderföretagets koncernredovisning kan erhållas från: Societe Generale, 29 Boulevard Haussmann, 75009 PARIS Frankrike.

Ingen koncernredovisning har upprättats med stöd av Årsredovisningslagen 7 kap. 2 § punkt 1.

Not 2 Redovisningsprinciper och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3").

Intäkter

Intäkter redovisas till det verkliga värdet av den ersättning som erhållits eller kommer att erhållas, med avdrag för mervärdeskatt, rabatter, returer och liknande avdrag.

ALD Automotive ABs intäkter består i huvudsak av intäkter från leasingavtal.

Leasingavtal

Ett finansiellt leasingavtal är ett avtal enligt vilket de ekonomiska risker och fördelar som förknippas med ägandet av en tillgång i allt väsentligt överförs från leasegivaren till leasetagaren. Övriga leasingavtal klassificeras som operationella leasingavtal. Samtliga leasingavtal redovisas enligt reglerna för operationell leasing.

Leasetagare
Leasingavgifter vid operationella leasingavtal kostnadsförs linjärt över leasingperioden, såvida inte ett annat systematiskt sätt bättre återspeglar användarens ekonomiska nytta över tiden.

Leasegivare
Leasingintäkter vid operationella leasingavtal intäktsförs linjärt över leasingperioden, såvida inte ett annat systematiskt sätt bättre återspeglar hur de ekonomiska fördelar som hänförs till objektet minskar

Inkomstskatter

Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt
Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

20221025021688

ALD Automotive AB
556561-3485

Uppskjuten skatt

Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella nedskrivningar.

Anskaffningsvärdet består av inköpspriset, utgifter som är direkt hänförliga till förvärvet för att bringa den på plats och i skick att användas. Tillkommande utgifter inkluderas endast i tillgången eller redovisas som en separat tillgång, när det är sannolikt att framtida ekonomiska fördelar som är förknippade med posten kommer att tillfalla företaget och att anskaffningsvärdet för densamma kan mätas på ett tillförlitligt sätt. Alla övriga kostnader för reparationer och underhåll samt tillkommande utgifter redovisas i resultaträkningen i den period då de uppkommer.

Då skillnaden i förbrukningen av en materiell anläggningstillgångs betydande komponenter bedöms vara väsentlig, delas tillgången upp på dessa komponenter.
Avskrivningar på materiella anläggningstillgångar kostnadsförs så att tillgångens anskaffningsvärde, eventuellt minskat med beräknat restvärde vid nyttjandeperiodens slut, skrivs av linjärt över dess bedömda nyttjandeperiod. Om en tillgång har delats upp på olika komponenter skrivs respektive komponent av separat över dess nyttjandeperiod. Avskrivning påbörjas när den materiella anläggningstillgången kan tas i bruk. Materiella anläggningstillgångars nyttjandeperioder uppskattas till:

Leasingbilar	3 år
Inventarier, verktyg och installationer	5 år

Bedömda nyttjandeperioder och avskrivningsmetoder omprövas om det finns indikationer på att förväntad förbrukning har förändrats väsentligt jämfört med uppskattningen vid föregående balansdag. Då företaget ändrar bedömning av nyttjandeperioder, omprövas även tillgångens eventuella restvärde. Effekten av dessa ändringar redovisas framåtriktat.

20221025021 69

Borttagande från balansräkningen
Det redovisade värdet för en materiell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring, eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången eller komponenten.

Den vinst eller förlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Den realisationsvinst eller realisationsförlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad.

Nedskrivningar av materiella anläggningstillgångar
Vid varje balansdag analyserar företaget de redovisade värdena för materiella anläggningstillgångar för att fastställa om det finns någon indikation på att dessa tillgångar har minskat i värde. Om så är fallet, beräknas tillgångens återvinningsvärde för att kunna fastställa värdet av en eventuell nedskrivning. Där det inte är möjligt att beräkna återvinningsvärdet för en enskild tillgång, beräknas återvinningsvärdet för den kassagenererande enhet till vilken tillgången hör.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärdet. Verkligt värde med avdrag för försäljningskostnader är det pris som företaget beräknar kunna erhålla vid en försäljning mellan kunniga, av varandra oberoende parter, och som har ett intresse av att transaktionen genomförs, med avdrag för sådana kostnader som är direkt hänförliga till försäljningen. Vid beräkning av nyttjandevärde diskonteras uppskattat framtida kassaflöde till nuvärde med en diskonteringsränta före skatt som återspeglar aktuell marknadsbedömning av pengars tidsvärde och de risker som förknippas med tillgången. För att beräkna de framtida kassaflödena har företaget använt budget och prognoser för de kommande fem åren.

Om återvinningsvärdet för en tillgång (eller kassagenererande enhet) fastställs till ett lägre värde än det redovisade värdet, skrivs det redovisade värdet på tillgången (eller den kassagenererande enheten) ned till återvinningsvärdet. En nedskrivning kostnadsförs omedelbart i resultaträkningen.

Vid varje balansdag gör företaget en bedömning om den tidigare nedskrivningen inte längre är motiverad. Om så är fallet återförs nedskrivningen delvis eller helt. Då en nedskrivning återförs, ökar tillgångens (den kassagenererande enhetens) redovisade värde. Det redovisade värdet efter återföring av nedskrivning får inte överskrida det redovisade värde som skulle fastställts om ingen nedskrivning gjorts av tillgången (den kassagenererande enheten) under tidigare år. En återföring av en nedskrivning redovisas direkt i resultaträkningen.

Värdering av utländska fordringar och skulder
Fordringar och skulder i utländsk valuta omvärderas till balansdagens valutakurs. Transaktioner i utländsk valuta omräknas till svenska kronor baserat på transaktionsdagens valutakurs.

Fordringar
Fordringar upptas till det lägsta av anskaffningsvärdet och det belopp varmed de beräknas inkomma. Företaget har inga operationella icke uppsägningsbara leasingavtal vare sig som leasgivare eller leastagare.

Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

DocuSign Envelope ID: DD44B580-264F-46C2-8153-A2CCA4CD0FEC

20221025021170

Finansiella instrument
En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part i instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld, bokas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller på annat sätt upphör.

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden (se nedan).

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Upplupet anskaffningsvärde
Med upplupet anskaffningsvärde avses det belopp till vilket tillgången eller skulden initialt redovisades med avdrag för amorteringar, tillägg eller avdrag för ackumulerad periodisering enligt effektivräntemetoden av den initiala skillnaden mellan erhållet/betalat belopp och belopp att betala/erhålla på förfallodagen samt med avdrag för nedskrivningar.

Effektivräntan är den ränta som vid en diskontering av samtliga framtida förväntade kassaflöden över den förväntade löptiden resulterar i det initialt redovisade värdet för den finansiella tillgången eller den finansiella skulden.

Varulager
Varulager värderas till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Anskaffningsvärdet beräknas genom tillämpning av först- in-först-ut-metoden (FIFU). Nettoförsäljningsvärde är försäljningsvärdet efter avdrag för beräknade kostnader som direkt kan hänföras till försäljningstransaktionen.

I anskaffningsvärdet ingår utgifter för inköp, tillverkning samt andra utgifter för att bringa varorna till deras aktuella plats och skick. I anskaffningsvärdet för en egentillverkad tillgång ingår, utöver sådana kostnader som direkt kan hänföras till produktionen av tillgången, en skälig andel av indirekta tillverkningskostnader.

Avsättningar
Avsättningar redovisas när företaget har en befintlig förpliktelse (legal eller informell) som en följd av en inträffad händelse, det är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppet kan göras.

En avsättning omprövas varje balansdag och justeras så att den återspeglar den bästa uppskattningen av det belopp som krävs för att reglera den befintliga förpliktelsen på balansdagen, med hänsyn tagen till risker och osäkerheter förknippade med förpliktelsen. Avsättningen redovisas till nuvärdet av de framtida betalningar som krävs för att reglera förpliktelsen.

Där en del av eller hela det belopp som krävs för att reglera en avsättning förväntas bli ersatt av en tredje part, ska gottgörelsen särredovisas som en tillgång i balansräkningen när det är så gott som säkert att den kommer att erhållas om företaget reglerar förpliktelsen och beloppet kan beräknas tillförlitligt.

ALD Automotive AB
556561-3485

20221025021171

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

Not 3 Viktiga uppskattningar och bedömningar

Restvärdesrisk
Restvärdesrisk uppstår som ett resultat av att det aktuella marknadsvärdet på finansierade fordon avviker från kontrakterade restvärden fastställt av ALD Automotive AB. ALD Automotive AB har en restvärdeskommitté som två gånger per år fattar beslut om restvärden, samt monitorerar marknadsvärden. Under året har bolaget byggt upp en portfölj med leasingkontrakt där restvärdesrisken tas av bolaget.
Per 2021-12-31 bestod portföljen av 16 963 kontrakt med ett totalt garanterat restvärde uppgående till 2 288 450 186 tkr.

Risker och riskhantering
ALD Automotive ABs operations avdelning ansvarar för att identifiera, mäta, kontrollera och rapportera företagets samtliga risker såsom riskpositionerna i bolaget avseende kreditrisk, marknadsrisk, likviditetsrisk, operativa risker och restvärdesrisk. För arbetet med riskhantering finns policys och instruktioner baserade på gällande regelverk som kontinuerligt uppdateras och fastställs av företagets styrelse och ledning. Kontinuerlig rapportering av bolagets riskexponering sker till ledningen.

ALD Automotive AB
556561-3485

20221025021172

Not 4 Uppgift om inköp och försäljning inom samma koncern

	2021	2020
Inköp	22,9%	20,4%
Försäljning	9,3%	4,7%

Not 5 Upplysning om ersättning till revisorn

	2021	2020
Ernst & Young AB		
revisionsuppdrag	468	487
Summa	**468**	**487**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Not 6 Antal anställda, löner, andra ersättningar och sociala kostnader

	2021		2020	
Medeltalet anställda	**Antal anställda**	**Varav antal män**	**Antal anställda**	**Varav antal män**
	103	45	80	38
Totalt	**103**	**45**	**80**	**38**

	2021-12-31	2020-12-31
Fördelning ledande befattningshavare per balansdagen		
Män:		
styrelseledamöter inkl VD	4	4
andra personer i företagets ledning inkl VD	0	0
Totalt	**4**	**4**

	2021		2020	
Löner, andra ersättningar m m	**Löner och andra ersättningar**	**Soc kostn (varav pensions-kostnader)**	**Löner och andra ersättningar**	**Soc kostn (varav pensions-kostnader)**
	61 469	27 828	56 038	23 291
		(8 451)		(6 820)
Totalt	**61 469**	**27 828 (8 451)**	**56 038**	**23 291 (6 820)**

ALD Automotive AB
556561-3485

20221025021173

Löner och andra ersättningar fördelade mellan styrelse-ledamöter och anställda	2021 Styrelse och VD (varav tantiem och dylikt)	2021 Övriga anställda	2020 Styrelse och VD (varav tantiem och dylikt)	2020 Övriga anställda
	2 636	58 833	2 538	53 500
Totalt	**2 636**	**58 833**	**2 538**	**53 500**

Pensioner
Företagets kostnad för avgiftsbestämda pensionsplaner uppgår till 8 269 (6 900) tkr.

Företagets pensionskostnader uppgår till (0) tkr för gruppen styrelse och VD.

Not 7 Avskrivningar och nedskrivningar på materiella och immateriella anläggningstillgångar

	2021	2020
Leasingbilar	-767 412	-711 327
Inventarier, verktyg och installationer	-531	-486
Summa	**-767 943**	**-711 813**

Not 8 Övriga ränteintäkter och liknande intäkter

	2021	2020
Utdelningar, koncernföretag	67 107	54 400
Ränteintäkter	392	886
Summa	**67 499**	**55 286**

Not 9 Räntekostnader och liknande kostnader

	2021	2020
Räntekostnader	-15 656	-1 185
Räntekostnader, koncernföretag	-23 696	-24 261
Summa	**-39 352**	**-25 446**

ALD Automotive AB
556561-3485

20221025021744

Not 10 Skatt på årets resultat

	2021	2020
Aktuell skatt	-49 926	-43 213
Skatt på årets resultat	**-49 926**	**-43 213**

Avstämning årets skattekostnad

	2021	2020
Redovisat resultat före skatt	309 386	256 134
Skatt beräknad med skattesats 20,6 % (21,4%)	-63 734	-54 813
Skatteeffekt av ej avdragsgilla kostnader	-16	-42
Skatteeffekt av ej skattepliktiga intäkter avseende erhållen aktieutdelning	13 824	11 642
Summa	**-49 926**	**-43 213**
Årets redovisade skattekostnad	**-49 926**	**-43 213**

Not 11 Leasingbilar

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	4 698 737	4 511 608
Inköp	1 100 564	1 538 094
Försäljningar/utrangeringar	-1 363 075	-1 350 965
Utgående ackumulerade anskaffningsvärden	**4 436 226**	**4 698 737**
Ingående avskrivningar	-1 540 693	-1 470 571
Försäljningar/utrangeringar	788 661	641 205
Årets avskrivningar	-767 413	-711 327
Utgående ackumulerade avskrivningar	**-1 519 445**	**-1 540 693**
Utgående redovisat värde	**2 916 781**	**3 158 044**

Not 12 Inventarier, verktyg och installationer

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	8 297	8 297
Inköp	290	0
Utgående ackumulerade anskaffningsvärden	**8 587**	**8 297**
Ingående avskrivningar	-7 178	-6 692
Årets avskrivningar	-531	-486
Utgående ackumulerade avskrivningar	**-7 709**	**-7 178**
Utgående redovisat värde	**878**	**1 119**

ALD Automotive AB
556561-3485

20221025021755

Not 13 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	10 720	10 720
Utgående ackumulerade anskaffningsvärden	**10 720**	**10 720**
Utgående redovisat värde	**10 720**	**10 720**

Företagets innehav av andelar i koncernföretag

Företagets namn	Kapital-andel	Antal andelar	Eget kapital	Redovisat värde 2021-12-31	Redovisat värde 2020-12-31
NF Fleet AB	80%	107 200	103 217	10 720	10 720
Summa				**10 720**	**10 720**

Företagets namn	Org.nr	Säte
NF Fleet AB	556692-3271	Täby

Not 14 Förutbetalda kostnader och upplupna intäkter

	2021-12-31	2020-12-31
Förutbetalda hyror	11	3 396
Bonus malus	0	45 360
Övriga poster	3 502	32 035
Summa	**3 513**	**80 791**

Not 15 Aktiekapital

Aktiekapitalet består av 200 000 aktier med ett kvotvärde om 100 kr.

Not 16 Obeskattade reserver

	2021-12-31	2020-12-31
Ackumulerade överavskrivningar	174 192	174 192
Summa	**174 192**	**174 192**

Not 17 Garantiavsättning

Redovisad kostnad för	**2021**	**2020**
Avsättningar årets början	3 580	2 715
Avgående	-2 083	-1 811
Tillkommande	2 128	2 676
Summa	**3 625**	**3 580**

ALD Automotive AB
556561-3485

20221025021176

Not 18 Skulder till koncernföretag och kreditinstitut

		Förfaller till betalning		
Skuld	**Skuld per 2021-12-31**	**Inom ett år**	**Mellan 1-5 år**	**Senare än 5 år**
Skulder till koncernföretag	2 823 663	982 663	1 841 000	0
Skulder till kreditinstitut	3 028	3 028	0	0
Summa	**2 826 691**	**985 691**	**1 841 000**	**0**

Skuld	**Skuld per 2020-12-31**	**Inom ett år**	**Mellan 1-5 år**	**Senare än 5 år**
Skulder till koncernföretag	3 095 262	1 558 262	1 537 000	0
Skulder till kreditinstitut	10 770	10 770	0	0
Summa	**3 106 032**	**1 569 032**	**1 537 000**	**0**

Företagets utnyttjade checkräkningskredit uppgår till 3 028 (10 770) Tkr och ingår i posten Kortfristiga skulder till kreditinstitut. Limit avseende checkräkningskredit uppgår till 35 000 (35 000) Tkr.

Not 19 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	**2020-12-31**
Förskottsfakturerade leasingintäkter	87 404	97 588
Upplupna semesterlöner	10 795	9 831
Upplupen maintenance reserv	169 059	107 685
Övriga poster	54 762	70 879
Summa	**322 020**	**285 983**

Not 20 Ställda säkerheter och eventualförpliktelser

Inga ställda panter eller eventualförpliktelser finns.

Not 21 Händelser efter balansdagen

Inga väsentliga händelser har inträffat efter balansdagen.

Täby den / /2022.

DocuSigned by:
Hans Van Beeck
20600E5A4FB540C...
Hans van Beeck
Styrelsens ordförande

DocuSigned by:
A781E6676A9A4A3...
Pekka Kivinen
Styrelseledamot

DocuSigned by:
Tom PEDERSEN
B62C3DA42E004D3...
Tom Pedersen

DocuSigned by:
7C491C5037574CB...
Franciscus Alofs
Verkställande direktör

ALD Automotive AB
556561-3485

20221025021777

Vår revisionsberättelse har avgivits den / /2022
Ernst & Young AB

DocuSigned by:
Carl RUDIN
748508D6EBB74E5...

Carl Rudin
Auktoriserad revisor

20221025021178

DocuSign

Certificate Of Completion

Envelope Id: DD44B580264F46C28153A2CCA4CD0FEC
Status: Completed
Subject: Please DocuSign: Årsredovisning ALD 2021.pdf
Source Envelope:
Document Pages: 20 Signatures: 5
Certificate Pages: 5 Initials: 0
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC+01:00) Brussels, Copenhagen, Madrid, Paris

Envelope Originator:
Laura ROCHDI
Helgeshøj Allé 34
Taastrup, DK 2630
laura.rochdi@aldautomotive.com
IP Address: 148.64.14.131

Record Tracking

Status: Original
6/30/2022 1:47:04 PM
Holder: Laura ROCHDI
laura.rochdi@aldautomotive.com
Location: DocuSign

Signer Events

Carl RUDIN
carl.rudin@se.ey.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E)
Signature Issuer: DocuSign Cloud Signing CA - SI1
Authentication: SMS (+46 76 126 49 25)

Electronic Record and Signature Disclosure:
Accepted: 6/30/2022 1:57:28 PM
ID: 7328b49b-338d-47b3-836b-e96ef2f2dde3

Signature

DocuSigned by:
Carl RUDIN
748508D6EBB74E5...

Signature Adoption: Pre-selected Style
Signed by link sent to carl.rudin@se.ey.com
Using IP Address: 145.62.64.102

Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign

Timestamp

Sent: 6/30/2022 1:55:49 PM
Resent: 6/30/2022 5:00:07 PM
Viewed: 6/30/2022 5:12:00 PM
Signed: 7/1/2022 8:02:14 PM

Frank ALOFS
Frank.ALOFS@aldautomotive.com
CEO ALD Automotive AB
ALD NETHERLANDS
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E)
Signature Issuer: DocuSign Cloud Signing CA - SI1
Authentication: SMS (+46 73 523 79 30)

Electronic Record and Signature Disclosure:
Accepted: 9/1/2021 7:22:11 AM
ID: dcdc5789-6225-486a-ae40-132cd10c1c7c

DocuSigned by:
7C491C5037574CB...

Signature Adoption: Drawn on Device
Signed by link sent to Frank.ALOFS@aldautomotive.com
Using IP Address: 148.64.14.197

Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign

Sent: 6/30/2022 1:55:50 PM
Resent: 6/30/2022 5:00:08 PM
Viewed: 6/30/2022 7:24:36 PM
Signed: 6/30/2022 7:25:16 PM

Hans Van Beeck
Hans.VAN-BEECK@aldautomotive.com
ALD SA
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E)
Signature Issuer: DocuSign Cloud Signing CA - SI1
Authentication: SMS (+33 6 13 95 22 43)

Electronic Record and Signature Disclosure:

DocuSigned by:
Hans Van Beeck
20600E5A4FB540C...

Signature Adoption: Pre-selected Style
Signed by link sent to Hans.VAN-BEECK@aldautomotive.com
Using IP Address: 213.41.15.117

Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign

Sent: 6/30/2022 1:55:50 PM
Viewed: 6/30/2022 1:56:31 PM
Signed: 6/30/2022 1:57:09 PM

Signer Events	Signature	Timestamp
Accepted: 3/3/2022 4:41:26 PM ID: d27f7014-5aee-4d20-b499-7bee2f45feba		
Pekka KIVINEN Pekka.KIVINEN@aldautomotive.com x ALD FINLAND Security Level: Email, Account Authentication (None), Digital Certificate **Signature Provider Details:** Signature Type: DocuSign Protect & Sign (Client ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E) Signature Issuer: DocuSign Cloud Signing CA - SI1 Authentication: SMS (+358 40 5892525) **Electronic Record and Signature Disclosure:** Accepted: 4/28/2021 12:14:04 PM ID: 860cfe79-0eea-4285-86d8-b1afe04c48a4	DocuSigned by: A7B1E6676A9A4A3... Signature Adoption: Drawn on Device Signed by link sent to Pekka.KIVINEN@aldautomotive.com Using IP Address: 195.236.9.5 Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign	Sent: 6/30/2022 1:55:51 PM Viewed: 6/30/2022 2:56:07 PM Signed: 6/30/2022 2:57:12 PM
Tom PEDERSEN tom.pedersen@sgcib.com Security Level: Email, Account Authentication (None), Digital Certificate **Signature Provider Details:** Signature Type: DocuSign Protect & Sign (Client ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E) Signature Issuer: DocuSign Cloud Signing CA - SI1 Authentication: SMS (+46 70 840 09 83) **Electronic Record and Signature Disclosure:** Accepted: 8/30/2021 9:51:48 AM ID: fc3e8b1f-340d-43b0-b9b5-05576c6afb44	DocuSigned by: Tom PEDERSEN B62C3DA42E004D3... Signature Adoption: Pre-selected Style Signed by link sent to tom.pedersen@sgcib.com Using IP Address: 207.45.249.156 Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign	Sent: 6/30/2022 1:55:51 PM Resent: 6/30/2022 5:00:08 PM Viewed: 7/1/2022 9:05:06 AM Signed: 7/1/2022 9:06:24 AM

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	6/30/2022 1:55:51 PM
Certified Delivered	Security Checked	7/1/2022 9:05:06 AM
Signing Complete	Security Checked	7/1/2022 9:06:24 AM
Completed	Security Checked	7/1/2022 8:02:15 PM

Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

20221025021179

Electronic Record and Signature Disclosure created on: 3/22/2021 11:53:44 AM
Parties agreed to: Carl RUDIN, Frank ALOFS, Hans Van Beeck, Pekka KIVINEN, Tom PEDERSEN

20221025021800

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, ALD DENMARK (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

20221025021831

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact ALD DENMARK:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: Samer.MUHSIN@aldautomotive.com

To advise ALD DENMARK of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at Samer.MUHSIN@aldautomotive.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from ALD DENMARK

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to Samer.MUHSIN@aldautomotive.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with ALD DENMARK

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

20221025021182

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to Samer.MUHSIN@aldautomotive.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify ALD DENMARK as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by ALD DENMARK during the course of your relationship with ALD DENMARK.

20220714404419

Building a better working world

Revisionsberättelse

Till bolagsstämman i ALD Automotive AB, org.nr 556561-3485

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för ALD Automotive AB för räkenskapsåret 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av ALD Automotive ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till ALD Automotive AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Penneo dokumentnyckel: YVIOM-UJA1W-31PXF-PB66Y-183OS-KGTHZ

20220731440420

Building a better working world

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av ALD Automotive AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till ALD Automotive AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Årsredovisningen avgavs inte i sådan tid att det, enligt 7 kap. 10 § aktiebolagslagen, varit möjligt att hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Stockholm den dag som framgår av elektronisk underskrift

Ernst & Young AB

Carl Rudin
Auktoriserad revisor

Penneo dokumentnyckel: YVIQM-UJA1W-31PXF-PB66Y-183OS-KGTHZ

PENNEO

Signaturerna i detta dokument är juridiskt bindande. Dokumentet är signerat genom Penneo™ för säker digital signering. Tecknarnas identitet har lagrats, och visas nedan.

"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

20220701440423

Carl Rudin
Auktoriserad revisor
Serienummer: 19800506xxxx
IP: 147.161.xxx.xxx
2022-07-01 18:09:11 UTC

BankID

Penneo dokumentnyckel: YVIQM-UJAW-31PXF-PB66Y-183OS-KGTHZ

Detta dokument är digitalt signerat genom Penneo.com. Den digitala signeringsdatan i dokumentet är säkrad och validerad genom det datorgenererade hashvärdet hos det originella dokumentet. Dokumentet är låst och tidsstämplat med ett certifikat från en betrodd tredje part. All kryptografisk information är innesluten i denna PDF, för framtida validering om så krävs.

Hur man verifierar originaliteten hos dokumentet
Detta dokument är skyddat genom ett Adobe CDS certifikat. När du öppnar dokumentet i Adobe Reader bör du se att dokumentet är certifierat med **Penneo e-signature service <penneo@penneo.com>** Detta garanterar att dokumentets innehåll inte har ändrats.

Du kan verifiera den kryptografiska informationen i dokumentet genom att använda Penneos validator, som finns på **https://penneo.com/validate**

20220110801285

SOCIETE GENERALE

31.12.2021

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

20221108013286

CONTENTS OF CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS 1
CONSOLIDATED BALANCE SHEET - ASSETS 1
CONSOLIDATED BALANCE SHEET - LIABILITIES 2
CONSOLIDATED INCOME STATEMENT 3
STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES 4
CHANGES IN SHAREHOLDERS' EQUITY 5
CASH FLOW STATEMENT 6
2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 7
NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES 7
NOTE 2 – CONSOLIDATION 25
NOTE 2.1 - CONSOLIDATION SCOPE 29
NOTE 2.2 - GOODWILL 30
NOTE 2.3 - UNCONSOLIDATED STRUCTURED ENTITIES 38
NOTE 3 - FINANCIAL INSTRUMENTS 41
NOTE 3.1 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS 48
NOTE 3.2 - FINANCIAL DERIVATIVES 53
NOTE 3.3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME 61
NOTE 3.4 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE 63
NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST 75
NOTE 3.6 - DEBTS 79
NOTE 3.7 - INTEREST INCOME AND EXPENSE 82
NOTE 3.8 - *IMPAIRMENT AND PROVISIONS* 84
NOTE 3.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST 104
NOTE 3.10 - COMMITMENTS AND ASSETS PLEDGED AND RECEIVED AS SECURITIES 107
NOTE 3.11 - TRANSFERRED FINANCIAL ASSETS 109
NOTE 3.12 - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES 111
NOTE 3.13 - CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES 114
NOTE 4 - OTHER ACTIVITIES 115
NOTE 4.1 - FEE INCOME AND EXPENSE 115
NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES 117
NOTE 4.3 - INSURANCE ACTIVITIES 118
NOTE 4.4 - OTHER ASSETS AND LIABILITIES 130
NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS 131
NOTE 5.1 - PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS 131
NOTE 5.2 - EMPLOYEE BENEFITS 133
NOTE 6 - INCOME TAX 140
NOTE 7 - SHAREHOLDERS' EQUITY 144
NOTE 7.1 - TREASURY SHARES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP 144
NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS 148
NOTE 7.3 - UNREALISED OR DEFERRED GAINS AND LOSSES 149
NOTE 8 - ADDITIONAL DISCLOSURES 152
NOTE 8.1 - SEGMENT REPORTING 152
NOTE 8.2 - OTHER OPERATING EXPENSES 157
NOTE 8.3 - PROVISIONS 158
NOTE 8.4 - TANGIBLE AND INTANGIBLE FIXED ASSETS 161
NOTE 8.5 - COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE 168
NOTE 8.6 - FEES PAID TO STATUTORY AUDITORS 203
NOTE 9 - INFORMATION ON RISKS AND LITIGATION 204
NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS 210
NOTE 10.1 - RISK MANAGEMENT 210
NOTE 10.2 - CAPITAL MANAGEMENT AND ADEQUACY 217
NOTE 10.3 - CREDIT AND COUNTERPARTY CREDIT RISK 219
NOTE 10.4 - MARKET RISK 235
NOTE 10.5 - STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS 242
NOTE 10.6 - LIQUIDITY RISK 246

20221108801287

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In EUR m)		31.12.2021	31.12.2020
Cash, due from central banks		179,969	168,179
Financial assets at fair value through profit or loss *	Notes 3.1, 3.2 and 3.4	342,714	411,916
Hedging derivatives	Notes 3.2 and 3.4	13,239	20,667
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	43,450	52,060
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	19,371	15,635
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	55,972	53,380
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	497,164	448,761
Revaluation differences on portfolios hedged against interest rate risk		131	378
Investments of insurance companies	Note 4.3	178,898	166,854
Tax assets *	Note 6	4,812	4,995
Other assets	Note 4.4	92,898	67,341
Non-current assets held for sale		27	6
Investments accounted for using the equity method		95	100
Tangible and intangible fixed assets	Note 8.4	31,968	30,088
Goodwill	Note 2.2	3,741	4,044
Total *		**1,464,449**	**1,444,404**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108012888

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In EUR m)		31.12.2021	31.12.2020
Due to central banks		5,152	1,489
Financial liabilities at fair value through profit or loss *	Notes 3.1, 3.2 and 3.4	307,563	372,705
Hedging derivatives	Notes 3.2 and 3.4	10,425	12,461
Debt securities issued	Notes 3.6 and 3.9	135,324	138,957
Due to banks	Notes 3.6 and 3.9	139,177	135,571
Customer deposits	Notes 3.6 and 3.9	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk		2,832	7,696
Tax liabilities *	Note 6	1,577	1,227
Other liabilities	Note 4.4	106,305	84,937
Non-current liabilities held for sale		1	-
Insurance contracts related liabilities	Note 4.3	155,288	146,126
Provisions *	Note 8.3	4,850	4,732
Subordinated debts	Note 3.9	15,959	15,432
Total liabilities *		**1,393,586**	**1,377,392**
Shareholder's equity			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		21,913	22,333
Other equity instruments		7,534	9,295
Retained earnings *		30,631	32,102
Net income		5,641	(258)
Sub-total *		**65,719**	**63,472**
Unrealised or deferred capital gains and losses	Note 7.3	(652)	(1,762)
Sub-total equity, Group share *		**65,067**	**61,710**
Non-controlling interests *		5,796	5,302
Total equity *		**70,863**	**67,012**
Total *		**1,464,449**	**1,444,404**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108011289

CONSOLIDATED INCOME STATEMENT

(In EUR m)		2021	2020
Interest and similar income	Note 3.7	20,590	20,721
Interest and similar expense	Note 3.7	(9,872)	(10,248)
Fee income	Note 4.1	9,162	8,529
Fee expense	Note 4.1	(3,842)	(3,612)
Net gains and losses on financial transactions		5,723	2,851
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*5,704*	*2,785*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*44*	*69*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(25)*	*(3)*
Net income from insurance activities	Note 4.3	2,238	2,124
Income from other activities	Note 4.2	12,237	11,471
Expenses from other activities	Note 4.2	(10,438)	(9,723)
Net banking income		**25,798**	**22,113**
Personnel expenses	Note 5	(9,764)	(9,289)
Other operating expenses	Note 8.2	(6,181)	(5,821)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.4	(1,645)	(1,604)
Gross operating income		**8,208**	**5,399**
Cost of risk	Note 3.8	(700)	(3,306)
Operating income		**7,508**	**2,093**
Net income from investments accounted for using the equity method		6	3
Net income/expense from other assets		635	(12)
Value adjustments on goodwill	Note 2.2	(114)	(684)
Earnings before tax		**8,035**	**1,400**
Income tax	Note 6	(1,697)	(1,204)
Consolidated net income		**6,338**	**196**
Non-controlling interests		697	454
Net income, Group share		**5,641**	**(258)**
Earnings per ordinary share	Note 7.2	**5.97**	**(1.02)**
Diluted earnings per ordinary share	Note 7.2	**5.97**	**(1.02)**

20221108012936

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EUR m)	2021	2020
Consolidated net income	**6,338**	**196**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**930**	**(1,353)**
Translation differences	1,457	(1,776)
Revaluation of debt instruments at fair value through other comprehensive income	(318)	247
Revaluation differences for the period	*(294)*	*317*
Reclassified into income	*(24)*	*(70)*
Revaluation of available-for-sale financial assets	(292)	117
Revaluation differences for the period	*(269)*	*123*
Reclassified into income	*(23)*	*(6)*
Revaluation of hedging derivatives	(36)	154
Revaluation differences of the period	*6*	*138*
Reclassified into income	*(42)*	*16*
Related tax	119	(95)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income *	**191**	**(98)**
Actuarial gains and losses on defined benefit plans *	236	(54)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss *	8	(100)
Revaluation of equity instruments at fair value through other comprehensive income	11	16
Related tax *	(64)	40
Total unrealised or deferred gains and losses *	**1,121**	**(1,451)**
Net income and unrealised or deferred gains and losses *	**7,459**	**(1,255)**
*o/w Group share **	*6,719*	*(1,652)*
*o/w non-controlling interests **	*740*	*397*

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108011291

CHANGES IN SHAREHOLDERS' EQUITY

	Shareholders' equity, Group share							
(In EUR m)	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 2020	**21,975**	**9,133**	**32,787**	**-**	**(368)**	**63,527**	**5,043**	**68,570**
Effect of IFRS IC decision related to IAS 19	-	-	26	-	-	26	7	33
At 1 January 2020 restated *	**21,975**	**9,133**	**32,813**	**-**	**(368)**	**63,553**	**5,050**	**68,603**
Increase in common stock and issuance / redemption and remuneration of equity instruments	-	162	(628)	-	-	(466)	(33)	(499)
Elimination of treasury stock	316	-	(57)	-	-	259	-	259
Equity component of share-based payment plans	42	-	-	-	-	42	-	42
2020 Dividends paid (see Note 7.2)	-	-	-	-	-	-	(91)	(91)
Effect of changes of the consolidation scope	-	-	80	-	-	80	(21)	59
Sub-total of changes linked to relations with shareholders	***358***	***162***	***(605)***	**-**	**-**	***(85)***	***(145)***	***(230)***
2020 Net income	-	-	-	(258)	-	(258)	454	196
Change in unrealised or deferred gains and losses	-	-	-	-	(1,394)	(1,394)	(57)	(1,451)
Other changes	-	-	(106)	-	-	(106)	-	(106)
Sub-total	**-**	**-**	***(106)***	***(258)***	***(1,394)***	***(1,758)***	***397***	***(1,361)***
At 31 December 2020 *	**22,333**	**9,295**	**32,102**	**(258)**	**(1,762)**	**61,710**	**5,302**	**67,012**
Allocation to retained earnings	-	-	(290)	258	32	-	-	-
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 (see Note 7.1)	-	(1,761)	(627)	-	-	(2,388)	(33)	(2,421)
Elimination of treasury stock (see Note 7.1)	(488)	-	(36)	-	-	(504)	-	(504)
Equity component of share-based payment plans	48	-	-	-	-	48	-	48
2021 Dividends paid (see Note 7.2)	-	-	(468)	-	-	(468)	(193)	(661)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(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**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

202211068O1292

CASH FLOW STATEMENT

(In EUR m)	2021	2020
Consolidated net income (I)	**6,338**	**196**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	5,444	5,263
Depreciation and net allocation to provisions *	684	1,894
Net income/loss from investments accounted for using the equity method	(6)	(3)
Change in deferred taxes	425	496
Net income from the sale of long-term assets and subsidiaries	(41)	(74)
Other changes *	2,353	(747)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**8,859**	**6,829**
Income on financial instruments at fair value through profit or loss	4,619	6,077
Interbank transactions	(2,338)	42,149
Customers transactions	9,034	43,790
Transactions related to other financial assets and liabilities	(16,838)	(21,347)
Transactions related to other non-financial assets and liabilities	10,620	3,064
Net increase/decrease in cash related to operating assets and liabilities (III)	**5,097**	**73,733**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**20,294**	**80,758**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(3,652)	(1,275)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(6,466)	(5,588)
Net cash inflow (outflow) related to investment activities (B)	**(10,118)**	**(6,863)**
Cash flow from/to shareholders *	(4,894)	57
Other net cash flow arising from financing activities	1,268	2,109
Net cash inflow (outflow) related to financing activities (C)	**(3,626)**	**2,166**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	2,154	(2,596)
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**8,704**	**73,465**
Cash, due from central banks (assets)	168,179	102,311
Due to central banks (liabilities)	(1,489)	(4,097)
Current accounts with banks (see Notes 3.5 and 4.3)	26,609	21,843
Demand deposits and current accounts with banks (see Note 3.6)	(11,354)	(11,577)
Cash and cash equivalents at the start of the year	**181,945**	**108,480**
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 end of the year	**190,649**	**181,945**
Net inflow (outflow) in cash and cash equivalents	**8,704**	**73,465**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

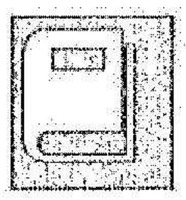
20221108801293

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 9 February 2022.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

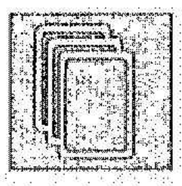


ACCOUNTING STANDARDS

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 2021 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").

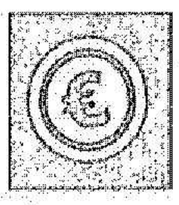


FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used to present the data for financial year is consistent with the format of financial statements 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 still impacted by the Covid-19 crisis.

The Group publishes its Annual Financial Report 2022 using the European Single Electronic Format (ESEF) as defined by the European Delegated Regulation 2019/815 amended by the Delegated Regulation 2020/1989.



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 can generate discrepancies between the figures presented in the financial statements and those presented in the notes.

20221108011294

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS AT 1 JANUARY 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (Interest Rate Benchmark reform - Phase 2)

Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9

Amendments to IFRS 16 "Leases" – Covid-19 related rent concessions beyond 30 June 2021

AMENDMENTS TO IFRS 9 "FINANCIAL INSTRUMENTS", IAS 39 "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT", IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES", IFRS 4 "INSURANCE CONTRACTS", IFRS 16 "LEASES"

Applied early by the Group as of 31 December 2020.

In the context of the interest rate benchmark reform – or IBOR reform – currently being implemented (see Note 10), the accounting standards applicable have been amended by the IASB. The purpose of Phase 1 of these amendments, implemented by the Group since 31 December 2019, has been to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specifics regarding the transition from old interest rate benchmarks to new ones. These amendments shall apply until the targeted uncertainties are removed with the effective cessation of the abandoned benchmarks. As at 31 December 2021, these amendments thus still apply to all hedges in which the hedged item and/or hedging instrument remain indexed on an IBOR rate, for instance the USD Libor.

Phase 2 of these amendments addresses the treatment of changes to financial instruments in the context of the IBOR reform. Adopted by the European Union on 14 January 2021, they were early applied by the Group in its financial statements as at 31 December 2020. These supplementary amendments have provided for the application of the following treatments:

- when measuring financial assets and liabilities at amortised cost, financial assets at fair value through other comprehensive income and lease liabilities, the changes brought about by the IBOR reform in the determination of contractual cash flows are booked as the revision of a variable interest rate provided that these changes are made on an economically equivalent basis;
- the hedging relationship when changes are made, in the context of the IBOR reform, to the hedged item and/or the hedging instrument and lead to a re-documentation of the hedge.

In view of the provisions introduced by the IBOR – Phase 2 amendments, the changes to contractual cash flows expected in the context of this rate transition should not generate any significant impact on the Group's consolidated financial statements. Indeed, the Group, in line with the recommendations issued by the regulatory authorities and market working groups on the rate reform, has planned to migrate all IBOR-based contracts on an economically equivalent basis. This is most often done by replacing the historical benchmark rate with an alternative benchmark rate plus a fixed spread compensating for the difference between these two rates.

The economically equivalent nature of the migration stems mainly from the use of the credit risk margins fixed by market authorities or from the standard market practices for the benchmark index chosen (see Note 10). In the marginal cases where a different margin is used, a quantitative analysis is performed, based on the changes in value of the future cash flows of the modified instrument.

AMENDMENTS TO IFRS 4 – EXTENSION OF THE TEMPORARY EXEMPTION FROM APPLYING IFRS 9

The amendments to IFRS 17 and IFRS 4 published by the IASB on 25 June 2020 as well as Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020 allow financial conglomerates as defined by Directive 2002/87/CE to defer, until 1 January 2023, the application of IFRS 9 by their legal entities in the insurance sector. Regarding its insurance subsidiaries, the Group has thus upheld the decision to differ the application of IFRS 9 and continue applying the processes specified under IAS 39 in the form adopted in the European Union.

20221108011295

AMENDMENTS TO IFRS 16 "LEASES" - COVID-19 RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021

These amendments extend by one year the application period of the Covid-19 related amendments to IFRS 16 "Leases" published by the IASB on 28 May 2020. These amendments are intended to optionally enable lessees who receive relief for rent payable until 30 June 2022 to account for these reliefs as negative variable leases (generating an immediate gain in the income statement).

In 2021, as in 2020, the Group did not benefit from any Covid-19 related rent reliefs.

DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (IFRS IC) OF 20 APRIL 2021 ON IAS 19

During its 20 April 2021 meeting, the IFRS IC specified the modalities for determining the vesting period of a defined post-employment benefit plan under which employees are entitled to a lump-sum benefit payment the amount of which:

- depends on their length of employee service, when they reach retirement age, and
- is capped at a maximum amount when they exceed a certain number of consecutive years of service determined by the regime, and
- the payment of which requires that they are still employed by the firm until their retirement date.

The IFRS IC specified that, pursuant to IAS 19, the vesting period should be the period of employee service immediately before the retirement age and that its duration should be capped to the number of consecutive years of service required to be entitled to this benefit.

Therefore, it is not possible to use as the vesting period the total length of service when the latter is greater than the cap used to calculate the benefit. The consecutive decision not to place the issue on the IFRS IC agenda was validated by the IASB on 24 May 2021.

During the second half of 2021, the Group inventoried the defined post-employment benefit plans similar to the ones covered by the IFRS IC decision and whose vesting period applied by the Group until now corresponded to the employees' total length of service, mainly termination benefit plans in France, the Czech Republic and Romania.

Pursuant to the IFRS IC decision, the commitments relating to these plans have been reassessed based on a capped length of service, resulting in a writeback of the provisions for employee benefits as at 1 January 2020 against Consolidated reserves for an amount of EUR 43 million before tax impact (see paragraph 7).

As this change in the length of service has no significant impact on the 2020 comparative income statement, the latter has not been restated.

DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (IFRS IC) OF 27 APRIL 2021 ON IAS 38

During its 27 April 2021 meeting, the IFRS IC reiterated the accounting rules for a customer's costs of configuring or customizing the supplier's application in a 'Software as a Service' (SaaS) arrangement.

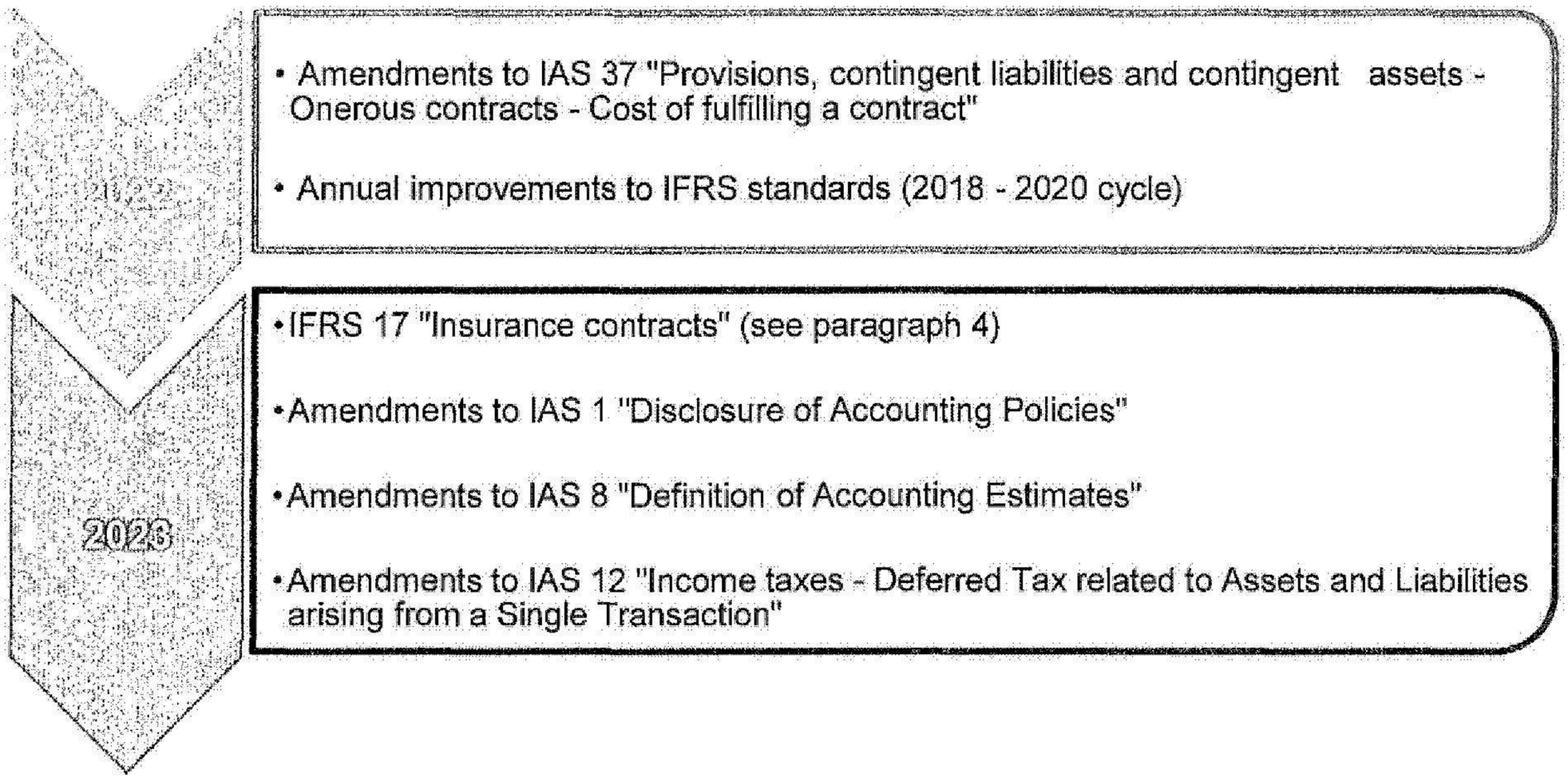
A study on the possible consequences of this decision on the Group's financial statements is underway and will continue in 2022.

20221108012296

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 2021. Their application is required for annual periods beginning on or after 1 January 2022 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 2021.

The provisional timetable for application of these standards is as follows:



AMENDMENTS TO IAS 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS – ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT"

Adopted by the European Union on 2 July 2021.

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

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Adopted by the European Union on 2 July 2021.

As part of the annual Improvements to the International Financial Reporting Standards (IFRS), the IASB has issued minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and IFRS 16 "Leases".

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"

Published by the IASB on 12 February 2021.

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 statements users.

20221108O1297

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

Published by the IASB on 12 February 2021.

The aim of these amendments is to facilitate distinguishing between changes in accounting policies and changes in accounting estimates.

AMENDMENTS TO IAS 12 "INCOME TAXES" - DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Published by the IASB on 7 May 2021.

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, no deferred tax is recognised since 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.

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

The IFRS 17 standard, published on 18 May 2017 and modified by the amendments adopted on 25 June 2020 and 9 December 2021, will supersede the IFRS 4 "Insurance contracts" standard which allows for the recognition of insurance contracts using the methods specified 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 was supplemented with a possibility offered to European companies not to apply the requirement stated in the standard to group certain type of insurance contracts by annual cohort for their measurement (see paragraph Grouping of contracts); this possibility of exemption will be re-examined by the European Commission no later than 31 December 2027.

The IFRS 17 standard is applicable from 1 January 2023 on. On the same date, the Group subsidiaries operating in the insurance sector will, for the first time, apply the IFRS 9 "Financial instruments" standard the application of which was deferred for these entities according to the possibilities offered by the amendments to the IFRS 17 and IFRS 4 standards published by the IASB on 25 June 2020 and extended by regulations (EU) 2017/1988 and (EU) 2020/2097 of the European Commission.

On 9 December 2021, the IASB published amendments to IFRS 17 to improve the comparative information on financial assets presented at the time of the first concomitant application of the IFRS 9 and IFRS 7 standards. The process of adoption of these amendments by the European Union is currently underway.

The main consequences of the application of the IFRS 17 standard concern:

- the valuation of insurance contracts on the balance sheet: their value will be updated at each closing date based on a reassessment of the related future cash flows. This reassessment will take into account market data in relation to the financial elements and policyholders' behaviour;
- the recognition of the margin: even if the profitability of the insurance contracts remains unchanged, the recognition in profit or loss of their margins will be modified to be spread over the duration of the insurance service; and

20221108012988

- the presentation of the income statement: the operating expenses attributable to the execution of the insurance contracts will, from now on, be presented in deduction of the Net Banking Income under Insurance service expenses and will not impact the total operating expenses in the consolidated income statement anymore.

SCOPE OF THE CONTRACTS

The scope of insurance contracts to which IFRS 17 applies mirrors the one to which IFRS 4 currently applies. These are the insurance contracts issued, the reinsurance contracts issued or held, and the investment contracts issued including a discretionary participation clause provided they are issued by an entity which also issues insurance contracts. Like IFRS 4, IFRS 17 does not apply to the insurance contracts in which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

GROUPING OF CONTRACTS

To measure the insurance contracts issued, IFRS 17 requires that the latter to be aggregated into homogeneous portfolios. Within these portfolios, the contracts have to be subject to similar risks and managed together.

Within each portfolio, three groups will be distinguished upon initial recognition: contracts that are onerous at initial recognition, contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and remaining contracts.

Furthermore, IFRS 17 stipulates that each group of contracts shall be divided into annual cohorts (with contracts issued no more than twelve-month apart). The European Commission endorsing IFRS 17 has however offered European enterprises the possibility not to apply this provision to contracts benefiting from intergenerational pooling of the returns of the underlying assets.

The Group plans to use this optional exemption on its life insurance contracts in France because they include direct or discretionary participation features, which allow the sharing of risks and cash flows between different generations of policyholders. These life insurance contracts are also managed on an intergenerational basis to mitigate exposure to interest rate risk and longevity risk.

20221108011299

MEASUREMENT MODELS

General Model applicable to the insurance contracts issued

Initial measurement

Upon initial recognition, the value of a group of insurance contracts issued corresponds to the sum of the following elements:

[redacted]

=

Current value of the insurance services or Cash flow related to the performance of the contracts
(Fulfilment cash flows)

Future cash flows estimated at the effective date of the contract

Premiums, services, directly related costs.

+

Discounting

Time value of money and financial risk not taken into account in the estimated flows.

+

Adjustment for non-financial risks
(Risk adjustment)

Margin for uncertainties on the estimated future flows.

+

Margin on contractual services

Future expected profits calculated at the subscription of the contract

The contractual service margin (CSM) represents the unearned profit that the entity will recognise in profit or loss as the insurance services are provided. Its amount is determined at the time of initial recognition of the group of insurance contracts so that, at this date, no income nor expense is recognised, except in the particular case of groups of onerous contracts whose loss corresponding to the net expected cash outflow has to be recognised immediately in profit or loss.

Subsequent measurement (except for onerous contracts)

At each closing date, the accounting value on the balance sheet of the group of insurance contracts issued is re-estimated. It is then equal to the sum of the two following amounts:

- liabilities for the remaining coverage, which aggregate the value of the execution flows re-estimated at this date (discounted value of the premiums receivable and of the expenses for future services over the remaining coverage period) and the contractual service margin discounted at the same date as described above;
- liabilities for the claims incurred, for an amount equal to the discounted value of the estimated cash flows required to settle the valid claims on past events.

At the same closing date, the amount of the contractual service margin is discounted to take account in particular of:

- the impact of the new contracts added to the group of contracts,
- the interest capitalised at the discounting rate used to determine the initial margin value,
- the re-assessment execution cash flows (discounted value of the premiums receivable and of the expenses for future services over the remaining coverage period, except for the estimated expenses to be paid for the claims incurred which are assessed separately).

20221108013O8

A share of the amount of the margin thus reassessed is then recorded in profit or loss, representing the insurance coverage provided by the group of contracts during the period; this share is determined by distributing this reassessed margin between the amount of assurance services provided over the period and the amount of services remaining to be provided over the expected residual coverage period of these contracts.

General Model adapted for the contracts with direct participation (Variable Fee Approach)

To measure the insurance contracts issued with direct participation in the profit, the General Model provided for by IFRS 17 is adapted to take account of the participation of policyholders in the yields of the investments underlying the contracts.

This approach, referred to as the "Variable Fee Approach (VFA)", has to be used for the valuation of the groups of insurance contracts for which:

- contractual clauses specify that the policyholder is entitled to a portion of a clearly defined portfolio of underlying elements;
- the entity expects to pay to the holder an amount corresponding to a substantial portion of the yield obtained on the fair value of the underlying elements;
- the entity expects that a substantial proportion of the variation in the amounts to be paid to the holder can be attributed to the variation in fair value of the underlying elements.

The eligibility to this measurement model is analysed on the issuance date of the contracts and may subsequently be reassessed only in case of changes in said contracts.

The major adaptations to the General Model concern:

- the portion of the fair value variation of the underlying investments attributable to the insurer. At each closing date, this portion of the period variation is incorporated into the contractual service margin to be recognised in profit or loss and spread over the expected residual coverage period of the contracts.
- the interest on the contractual service margin of which the variations are implicitly included in the periodic review of the margin on contractual services.

Simplified approach (Premium Allocation Approach) - Option

The standard also allows, under conditions, for the application of a simplified approach called "Premium Allocation Approach" to contracts with an insurance coverage period lower or equal to 12 months.

The premiums receivables during the contractual insurance period are recognised in profit on a straight-line basis over this contractual period (or according to the expected pace of release of the risk when this pace differs considerably from a straight-line pace).

As in the General Model, the claims are provisioned through profit and loss account upon their occurrence for an amount equal to the estimated value of the cash flows necessary to settle of the valid claims (it is however not necessary to discount the amount of compensation if their payment is expected within a year from the date of the claim).

Savings and Retirement

The Group considers that a significant portion of the life and savings insurance contracts and individual and collective retirement savings contracts issued by its insurance subsidiaries meet the definition of direct participation contracts. These contracts, which represent the predominant insurance activity of the Group, are measured using the *Variable Fee Approach (VFA)* adapted General Model. The other contracts of these categories are measured using the General Model or according to IFRS 9 if they meet the definition of an investment contract.

Protection activity

The Group intends to apply predominantly the General Model to measure its Provident and Health insurance contracts (borrower insurance, funeral, dependency... contracts) and the Simplified approach for its property and casualty insurance contracts (personal injury, means of payment, multi-risk home ... insurance).

20221108013O1

PRESENTATION OF THE FINANCIAL PERFORMANCE

On the consolidated income statement, the profits and losses related to the insurance contracts issued and the reinsurance contracts are presented under Net Banking Income, distinguishing between, on one side:

- the income from the insurance and reinsurance contracts issued,
- the expenses for the services 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 expenses for the services relating to the insurance and reinsurance contracts issued as well as the expenses for the reinsurance contracts held will then include the share of operating expenses directly attributable to the execution of the contracts which will thus be deducted from the Net Banking Income.

Many insurance contracts include an investment component in the form of a deposit made by the policyholder and which the insurer is contractually required to repay even if the insured event doesn't occur. Even if they may take the contractual form of insurance premiums and services, the deposits collection and repayment flows do not constitute either income or expenses in relation to these contracts.

The financial income and expenses of the insurance and reinsurance contracts mainly include the variations in value of the groups of contracts relating to the impacts of the time value of money and of the financial risks not taken into account in the estimated flows.

TRANSITION

At this stage of the project aiming at implementing the IFRS 17 and IFRS 9 standards by the Group's insurance entities, the consequences of its application in terms of amounts in the consolidated financial statements cannot be reasonably estimated.

Application of the IFRS 17 standard

The initial application of IFRS 17 as at 1 January 2023 will be retrospective and the comparative figures on 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 under Equity.

The retrospective measurement of these assets and liabilities, and in particular of the different insurance contract portfolios, may be subject to simplified approaches when the historical data necessary for a completely retrospective application are not available. The standard then allows for the use of:

- either an adjusted retrospective approach which should, provide, based on the reasonable information available without undue cost or effort, for 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 contract portfolios as at 1 January 2022.

The Group intends to apply a retrospective approach adjusted for the Savings Life-insurance contracts and the Retirement savings contracts which represent the large majority of its contracts. The Protection – Damage contracts might be subject to a full retrospective approach while a case-by-case approach is examined for the Protection–Provident contracts.

Application of the IFRS 9 standard by the insurance entities of the Group

The initial application of IFRS 9 by the insurance entities of the Group as at 1 January 2023 will be retrospective.

For consistency purpose with the IFRS 17 transition arrangements, and in order to provide more relevant information, the Group intends to restate the comparative figures for the 2022 financial year relating to the financial instruments concerned of its insurance entities (including financial instruments derecognised during 2022).

20221108013O2

The differences in the measurement of the concerned financial assets and liabilities and of the impairment for credit risk as well as gains and losses recognised directly in equity, resulting from the retrospective application of IFRS 9 as at 1 January 2022 will be presented directly under Equity.

The treatment of the financial assets currently measured at fair value through profit or loss will not be modified.

The other financial assets (available for sale financial assets) mainly consist of:

- basic financial instruments - the cashflows of which correspond solely to the repayment of principal and the payment of interest on the principal due – (see Note 4.3.2) held in the framework of a "Held to Collect and Sell" business model; these instruments will be reclassified under Financial Assets at Fair Value through Equity.
- non-basic financial instruments: these instruments will be reclassified under Financial Assets at Fair Value through Profit or Loss. The unrealised gains or losses previously recognised in equity will be reclassified as consolidated reserves (no impact on the Group's shareholders' equity).

Owing to the credit quality of the assets held (see Note 4.3.4), the application of the provisions of IFRS 9 on the recognition of the expected credit losses should lead only to a limited increase in their impairments.

ORGANISATION OF THE IMPLEMENTATION PROGRAMME OF THE IFRS 9 AND IFRS 17 STANDARDS

A "project" structure has been set up under the joint governance of the Group Finance Division and the Insurance Business Line.

This governance is articulated around the following main themes with a view to the implementation of the IFRS 9 and IFRS 17 standards by all the insurance entities of the Group, in France and abroad:

- accounting treatments and computational models;
- presentation in the Financial statements and Notes;
- adaptation of the process;
- selection and Rollout of the IT solution.

In 2019 and 2020, the work was focused on the review of the different types of contracts, the analysis of their accounting treatment under IFRS 17 and their presentation in the consolidated financial statements, and, lastly, the identification and selection of solutions in terms of information system, information technology and processes.

In 2021 the work has been devoted to implementing new processes, and approving and rolling out the IT solution.

The preparatory work will continue in 2022 with the validation of the tool and processes), the finalisation of the accounting treatments and computational models and the production of the opening data as at 1 January 2022 and of the comparative information.

5. USE OF ESTIMATES AND JUDGMENT

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the Unrealised or deferred gains and losses on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the 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 can exercise its judgment. By nature, valuations based on estimates involve risks and uncertainties concerning 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 into account of uncertainties about the consequences, duration and magnitude of the economic crisis

20221108013O3

generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 6th part of this note.

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

- the fair value in the balance sheet of financial instruments not listed on an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or even 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 instruments measured at amortised cost for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair value through other comprehensive income, loan commitments granted, and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Note 3.8). The uses 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 amount of impairment on Goodwill (see Note 2.2);
- the provisions recognised under liabilities, underwriting reserves of insurance companies and deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the amount of tax assets and liabilities recognised in the balance sheet (see Note 6);
- the analysis of the contractual cash flow characteristics of financial assets (see Note 3);
- the assessment of control for determining the scope of consolidated entities, especially with regard to structured entities (see Note 2);
- the determination of the lease period to be applied in determining the right-of-use assets and the lease liability (see Note 8.4).

BREXIT

The Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union [...] (Brexit) entered into force on 1 January 2021.

The Group has been granted a transitional authorisation to continue its activities in London for two years and is currently in the process of obtaining its permanent licence. Several subsidiaries have also applied for transitional authorisation. The regulatory authorities of the United Kingdom have until end 2023 to rule on these applications.

The Group continues to monitor the negotiations between the United Kingdom and the European Union regarding financial services. To date, the European Commission has granted British clearing houses temporary equivalence status until 30 June 2022.

The Group remains vigilant about the possible future differences between the local and European regulations and takes account of the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the consolidated accounts.

CLIMATE RISK



Climate change is accelerating, and urgent and unprecedented changes are needed more than ever. As illustrated by the 6th assessment report of the Intergovernmental Panel on Climate Change (IPCC), the world needs urgent, global and coordinated action to contain the now inevitable global warming.

Societe Generale has been engaged in the fight against climate change for many years now. And the Bank remains committed to support an extensive shift towards a decarbonised and more resilient economy.

Environmental risk factors are liable to trigger or increase the risks for the Group. The Group thus considers that climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system. The integration of climate-related risks is based on the

20221108013O4

existing governance and processes and follows a standard approach (identification, quantification, definition of the risk appetite, control and mitigation).

Among climate risks, the Group distinguishes between transitional risk and physical risk in compliance with the risk terminology proposed by the TCFD (Task force on Climate-related Financial Disclosures). The impact of transitional risk on the credit risk of Societe Generale's corporate customers has been identified as the major climate risk for the Group. To measure this impact, indicators aimed at reinforcing credit analysis on the most exposed counterparties in the sectors identified as particularly vulnerable are gradually developed.

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts (see Notes 2.2, 3, 3.8 and 6).

6. COVID-19

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines.

However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

Against this background, the multi-scenario approach selected in 2020 has been maintained for preparing the consolidated accounts as at 31 December 2021. The Group thus presents a central scenario central and an alternate protracted crisis scenario.

To apply the principles underlying the assessment of expected credit losses, the Group has maintained the use of methodological adjustments to take account of the support measures adopted since 2020 by public authorities, and the specifics of the current period

These various consequent to the Covid-19 crisis are stated below to shed light on the financial consequences of the crisis and the way they have been taken into account in the preparation of the consolidated financial statements.

MACROECONOMIC SCENARIOS

To prepare its financial statements, the Group uses macroeconomic scenarios in the expected credit loss measurement models including forward-looking data (see Note 3.8) as well as some asset impairment tests including goodwill (see Note 2.2) and deferred tax assets (see Note 6).

As at 31 December 2021, the Group has maintained the coexistence of four scenarios:

- the central scenario (SG Central), including the assumption that the GDP in the euro area will be back to a 2019 level in 2022, expects no new widespread closures, and assumes that the remaining social distancing measures, such as masks, will enable most sectors to operate almost as usual;
- a scenario of prolonged health crisis (SG Extended), including the assumption that the GDP in the euro area will be back to a 2019 level in 2023, expects a new sanitary shock from the end of 2021, reproducing the lockdown pattern with increased social distancing measures as observed at the end of 2020 and in Spring 2021;
- lastly, two additional scenarios, one favourable (SG Favourable) and one stressed (SG Stress), supplement these two scenarios. The favourable scenario envisages a stronger GDP growth than the central scenario owing to unexpected productivity gains leading to a potentially higher GDP. The stress scenario, including the assumption that the GDP in the euro area will be back to a 2019 level after 2026, 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) or a combination of both.

These scenarios are developed by the Economic and Sector Research Division of Societe Generale for all the Group's entities based, in particular, on information published by statistical institutes in each country.

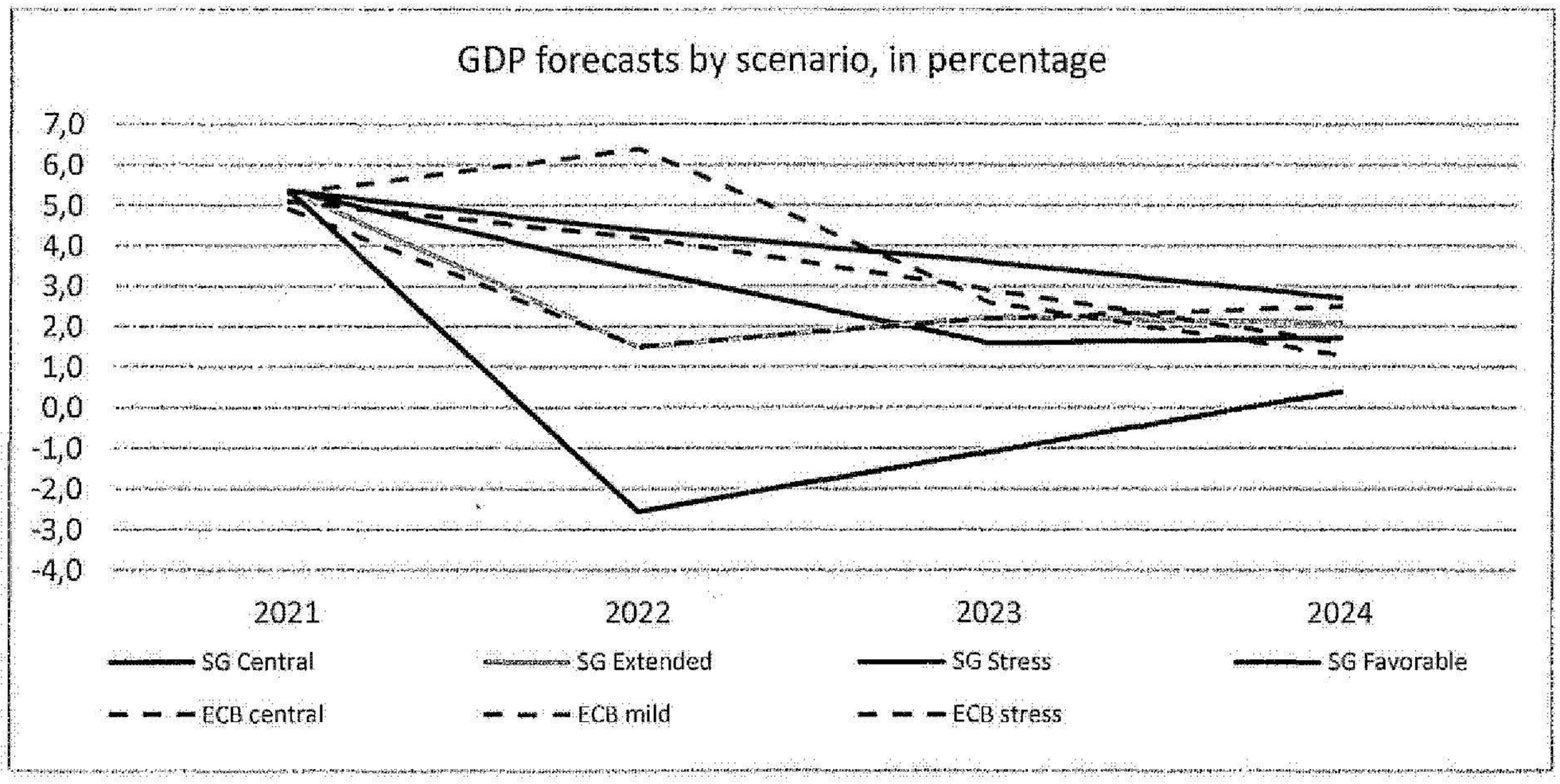
Forecasts from institutions (IMF, Global Bank, ECB, OECD...) and the consensus among market economists serve as a reference to ensure the consistency of the scenarios thus constructed.

20221108013O5

MACRO-ECONOMIC SCENARIOS USED IN THE CREDIT LOSS MEASUREMENT MODELS

The scenarios provided by the Group's economists are integrated into the models over a 3-year horizon, followed by a 2-year period to return in year 5 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 remaining uncertainties regarding the Covid-19 pandemic as well as for the economic recovery prospects.

The illustration below compares the GDP previsions in the Euro area used by the Group for each scenario with the previsions provided by the ECB in December 2021.



2022110801306

The variables used in the expected credit loss measurement models are presented in chapter 4.5.4 of the Universal Registration Document.

The main variables used for determining credit losses (GDP growth percentage for the main countries where the Group operates and profit margins of companies in France) for each scenario are detailed below:

SG Favourable scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	4.0	3.5	2.8	2.9	2.0
Profit margin of French companies	32.8	32.5	32.8	33.0	32.4
Euro area GDP	4.4	3.6	2.7	2.8	2.0
United States GDP	4.6	4.6	3.0	3.0	2.0
China GDP	5.9	6.6	5.5	5.4	4.4
Czech Republic GDP	4.5	5.0	3.8	3.8	2.8
Romania GDP	4.5	5.0	4.0	4.0	3.0

SG Central scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	3.0	1.5	1.8	1.9	2.0
Profit margin of French companies	32.2	32.2	32.3	32.4	32.4
Euro area GDP	3.4	1.6	1.7	1.8	2.0
United States GDP	3.6	2.6	2.0	2.0	2.0
China GDP	4.9	4.6	4.5	4.4	4.4
Czech Republic GDP	3.5	3.0	2.8	2.8	2.8
Romania GDP	3.5	3.0	3.0	3.0	3.0

SG Extended scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	1.0	2.0	2.3	1.9	2.0
Profit margin of French companies	30.9	32.1	31.9	31.8	31.8
Euro area GDP	1.5	2.2	2.1	1.8	2.0
United States GDP	2.0	2.8	2.5	2.0	2.0
China GDP	3.4	5.2	4.7	4.4	4.4
Czech Republic GDP	2.0	3.5	3.0	2.8	2.8
Romania GDP	2.0	3.5	3.3	3.0	3.0

SG Stress scenario	**2022**	**2023**	**2024**	**2025**	**2026**
France GDP	(3.0)	(1.2)	0.5	1.4	2.0
Profit margin of French companies	29.3	30.0	29.9	29.9	31.8
Euro area GDP	(2.6)	(1.1)	0.4	1.3	2.0
United States GDP	(2.2)	(0.3)	0.8	1.5	2.0
China GDP	(0.8)	1.9	3.1	3.9	4.4
Czech Republic GDP	(2.3)	0.3	1.4	2.3	2.8
Romania GDP	(2.3)	0.3	1.7	2.5	3.0

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In fact, these correlations may be impacted by changes in behaviour, legal environment, granting policy or, in the current context, by the unprecedented impact of the support measures.

20221108013G7

WEIGHTING OF THE MACROECONOMICSCENARIOS

The probabilities used are based on the differences observed in the past over 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 occurred, significantly optimistic or pessimistic).

In order to better account for a possible reversal of the cycle, the Group supplemented the methodology it uses for weighing scenarios as of 31 December 2021 and assigned 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 Stress scenario when the economy moves towards the peak of the cycle. This methodology will be applied and assessed throughout next year to be confirmed by 31 December 2022.

Presentation of the changes in weights:

	31 December 2020	30 June 2021	31 December 2021
SG Central	65%	65%	50%
SG Extended	10%	10%	10%
SG Stress	15%	15%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

The Cost of risk as at 31 December 2021 amounts to a net expense of 700 million euros, decreasing by 2,606 million euros (-79%) compared to 31 December 2020.

Sensitivity tests have been conducted to measure the impact of the changes in weights on the models. 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 (75% 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 381 million euros;
- of the SG Favourable scenario, the impact would be a reversal of 243 million euros;
- of the SG Central scenario, the impact would be a reversal of 150 million euros;
- of the SG Extended scenario, the impact would be a reversal of 64 million euros.

COVID-19 SUPPORT MEASURES

Moratoriums

The moratoriums granted in the context of the sanitary crisis through mass treatment have now expired, with a resumption of reimbursements without incident for most customers.

At the end of December 2021, out of a total of 24.9 billion euros of former moratoriums, 6 billion euros of these outstanding loans are classified in Stage 2 (compared to 7.5 billion euros as at 31 December 2020) and 1 billion euros have been downgraded to Stage 3 (compared to 0.7 billion euros as at 31 December 2020). The evolution of outstanding loans classified in Stage 3 (without a predominant sector) remains consistent with the level of doubtful outstanding loans of the Group.

Any request to extend these moratoriums will not be considered as part of general measures, and the outstanding loans related to such request will be treated as restructured loans as defined in the Accounting Principles section in Note 3.8.

20221108013O8

Loans supported by the government

In France, in addition to the moratoriums, the Group entities have contributed to the implementation of support measures decided by the authorities through the examination and allocation of State Guaranteed Loan facilities ("*Prêts Garantis par l'Etat*" - PGE in French) and Participatory Recovery Loans ("*Prêts Participatifs Relance*" - PPR).

State Guaranteed Loans ("*Prêts Garantis par l'Etat*" - PGE)

Thus, the Group will offer, until 30 June 2022, to its customers affected by the crisis (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 this year, the customer can 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 State Guaranteed Loans contractual characteristics 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 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. In accordance with the amortised cost method, the frequency of recognition in the income statement of the share of guarantee premiums retained by the bank is determined during the initial recording of the state-guaranteed loans (PGE) based on their estimated repayment schedules. Any subsequent change in the expected flows of these premiums resulting from the actual repayment terms (depending on the choice made by borrowers at the end of the first year of grace period and on the possibility to extend this period for another year) results in the immediate recognition in the income statement of the updated amount of additional guarantee premiums that the bank will receive.

As at 31 December 2021, based on respondents representing 75% of the outstanding loans, nearly half of the state-guaranteed loans have benefited from a second year of grace period for the repayment of principal and some 15% have been repaid at the end of the first year of grace period. The State Guaranteed Loans granted by the Group represent a credit outstanding of approximately 16.6 billion euros (of which 4.4 billion euros classified in Stage 2 and 0.9 billion euros in Stage 3). The State Guaranteed Loans granted by the French Retail Banking amount to 14.3 billion euros (of which 4 billion euros classified in Stage 2 and 0.7 billion euros in Stage 3), without predominance of a specific sector; the State guarantee for these loans covers, on average, 81% of their amount. The changes resulting from the actual repayment terms have no material effect in the Group financial statements as at 31 December 2021.

When initially recognised, these loans are recorded at their nominal value, as the Group considers that it is representative of their fair value; and an impairment for expected credit loss based on a probability of default at one year is recorded taking into account the effects of the guarantee insofar as it is an integral part of the loan. The models for calculating expected credit losses also take into account the probabilities of exercise of the extension options, the amount of the loan not guaranteed by the State as well as the waiting period in the enforcement of the guarantee.

The expected credit losses recognised as at 31 December 2021 in relation to the PGE amount to some 145 million euros, including 78 million euros recognised by the French retail networks (including 35 million euros in Stage 2, and 31 million euros 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 6 to 10 years.
The possible impacts of this decree will be presented in the half-yearly financial statements.

20221108013O9

Recovery Equity Loans ("*Prêts Participatifs Relance*" - PPR)

Established by the French 2021 Finance act, this new mechanism may be used until 30 June 2022. It aims at providing small and medium entities (SME) and mid-market companies with new long-term, quasi-equity-like, financing. PPR are granted for 8 years, with a grace period of 4 years. They bear market-based interest rates and do not include the right to participate in the borrowing company's profits. 90% of the PPR thus granted are immediately transferred to a specialised investment fund whose shares are purchased mainly by insurance companies and which are guaranteed by the French State up to 30% of the amount of money invested.

The amount of PPR granted as at 31 December 2021 remains non-significant at Group level.

7. AMOUNTS RESTATED COMPARED TO THE FINANCIAL STATEMENTS PUBLISHED FOR 2020

The Group restated some comparative amounts with respect to the financial statements published for 2020. These restatements have no impact on the opening equity, except for the changes in accounting method resulting from the implementation of the IFRS IC decision on IAS 19.

	31.12.2020		Restatement 1	Restatement 2
	Published	Restated		
CONSOLIDATED BALANCE SHEET - ASSETS	**1 461 952**	**1 444 404**	**(17 542)**	**(6)**
Financial assets at fair value through profit or loss	429 458	411 916	(17 542)	
Tax assets	5 001	4 995		(6)
CONSOLIDATED BALANCE SHEET - LIABILITIES	**1 461 952**	**1 444 404**	**(17 542)**	**(6)**
Financial liabilities at fair value through profit or loss	390 247	372 705	(17 542)	
Tax liabilities	1 223	1 227		4
Provisions	4 775	4 732		(43)
Consolidated reserves	32 076	32 102		26
Non-controlling interests	5 295	5 302		7

RESTATEMENT 1: ALLOCATION OF SOME MARGIN CALLS ON TRADING DERIVATIVE FINANCIAL FINANCIAL INSTRUMENTS

The review of the offsets between financial assets and liabilities done by the Group in 2021 has allowed to identify revaluations of transaction derivatives wrongly recognised on the liabilities side of the balance sheet instead of being booked in reduction of the assets and *vice versa*.

This work also brought to light an inconsistency in the accounting schemes of the macro hedging activities with the impact on the presentation of the balance sheet. The corrections made resulted in a EUR 17.5 billion restatement of the comparative data on the balance sheet as at 31 December 2020

This correction also impacts Notes 3.1, 3.2, 3.4, 3.12 and 8.1.

RESTATEMENT 2: IMPLEMENTATION OF THE 20 APRIL 2021 IFRS IC DECISION ON IAS 19

The 20 April 2021 decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 (see paragraph 2) led the Group to re-assess the commitments the characteristics of which were similar to those referred to in this decision.

The implementation of this decision results in a change in accounting method the retroactive effect of which was recorded in the Group's equity as at 1 January 2020 for an amount net of tax 33 million euros of which 7 million euros corresponding to the non-controlling interests.

This change in accounting method also impacts the Cash flow statement and the Notes 3.12, 5.2, 6, 8.1, 8.3.

20221108013 10

RESTATEMENT 3: PRESENTATION OF THE VARIATIONS IN CAPITAL GAINS AND LOSSES

The tagging of the consolidated financial statements for the publication of the 2022 Financial Statement in ESEF format led the Group to stop including in the Statement of Net income and unrealised or deferred gains and losses the flows related to the reclassification as retained earnings of the actuarial gains and losses on defined benefit plans as well as the revaluation of the own credit risk of financial liabilities designated at fair value through profit or loss.

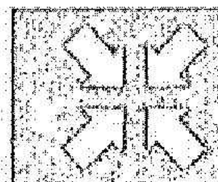
This change in the presentation has no impact on the total consolidated equity.

These impacts of this restatement are presented in the table below:

In EUR m	2020 published	Allocation to retained earnings		2020 restated
		Shareholder's equity Group share	Non-controlling interests	
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(79)**	**(13)**	**(6)**	**(98)**
Actuarial gains and losses on defined benefit plans	(53)	7	(8)	(54)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	(79)	(21)		(100)
Unrealised gains and losses of entities accounted for using the equity method	16			16
Related tax	37	1	2	40

2022110801311

NOTE 2 – CONSOLIDATION



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.

When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements. Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.

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.

20221108013312

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.

20221108013I3

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.

20221108013 14

- **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 Consolidation reserves, 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.

20221108013 15

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 at 31 December 2021, compared with the scope applicable at the closing date of 31 December 2020, is as follow:

TRANSFER OF THE ASSET MANAGEMENT ACTIVITIES PERFORMED BY LYXOR

On 31 December 2021, the Group finalised with Amundi the transfer of the asset management activities performed by Lyxor. This transfer concerns the passive (ETF) as well as active (including alternative) asset management activities performed by Lyxor on behalf of institutional customers in France and abroad; it includes the commercial and support functions dedicated to these activities.

This transfer resulted in a EUR 0.4 billion decrease in the Group's total balance sheet including the EUR 223 million decrease in goodwill allocated to the Asset and Wealth Management CGU (see Note 2.2).

A pre-tax capital gain of EUR 439 million is recognised under Net Income on other assets in the 2021 Income statement.

POST-CLOSING EVENT: ACQUISITION PROJECT

On 6 January 2022, the Group announced the signing by Societe Generale and ALD of two agreements providing for the acquisition by ALD of 100% of the capital of Lease Plan (the net book value of which would amount approximately to EUR 3.5 billion) before end 2022.

The total acquisition price of EUR 4.9 billion would be paid in cash for EUR 2 billion and in shares representing an ownership interest of 30.75% in the ALD capital upon completion of the transaction.

Following the transaction, Societe Generale would remain majority shareholder of ALD with an ownership interest of approximately 53% at the closing of the transaction which might be decreased to around 51% were LeasePlan shareholders to exercise their warrants.

20221108013 16

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 or 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.

20221108013317

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.

20221108013 18

As at 31 December 2021, goodwill is split into the following 10 Cash-Generating Units (CGUs):

Pillars	Activities
French Retail Banking	
France Networks	Societe Generale's retail banking network, Boursorama online banking activities, consumer and equipment financing in France, retail banking network of Crédit du Nord and its 7 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)
Russia	Banking group Rosbank and its subsidiaries
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, Oradea 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
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

2022110801319

FRANCE RETAIL BANKS PROJECTS

On 7 December 2020, the Group announced two major strategic initiatives regarding retail banking in France: the Crédit du Nord / Societe Generale merger project ("Vision 2025" project), and the strengthening of the development of Boursorama.

On 12 October 2021, Societe Generale presented to his social partners the proposed organisation of its new Retail Bank in France which will entail the legal merger of Crédit du Nord and Societe Generale.

The legal merger of the Crédit du Nord and Societe Generale entities will take effect on 1 January 2023 and the IT merger will take place during the first half of 2023. This project is subject to consultation with social partners and to approval by the competent authorities. Its impacts on the financial statements as at 31 December 2021 are presented below as well as in Note 8.1.

In this context, the monitoring and steering of the Group's activities evolved during the 2021 financial year: they are now unique and overall for the Retail banking networks of Societe Generale and Credit du Nord. These activities are integrated into a single budget whose flows are largely independent of the flows generated by the other assets or groups of assets of the Group by 2023.

Consequently, the Group changed the composition of its CGUs as at 31 December 2021 and integrated the Crédit du Nord CGU (Retail banking network of Crédit du Nord and its seven regional banks) into the Societe Generale Networks CGU (Societe Generale Retail banking network, Boursorama online banking activities, consumer and equipment credit in France). The new name of CGU thus modified is France Networks.

The table below shows the changes over the year 2020 in the values of goodwill of Cash-Generating Units (CGUs):

(In EUR m)	Value as at 31.12.2020	Acquisitions and other increases	Disposals and other decreases	Transfers	Impairment	Value as at 31.12.2021
French Retail Banking	**797**	**34**	-	-	-	**831**
French Network [1]	286	34	-	511	-	**831**
Crédit du Nord	511	-	-	(511)	-	
International Retail Banking & Financial Services	**2,730**	-	-	-	**(114)**	**2,616**
Europe	1,361	-	-	-	-	**1,361**
Russia	-	-	-	-	-	**-**
Africa, Mediterranean Basin and Overseas	228	-	-	-	(114)	**114**
Insurance	335	-	-	-	-	**335**
Equipment and Vendor Finance	228	-	-	-	-	**228**
Auto Leasing Financial Services	578	-	-	-	-	**578**
Global Banking and Investor Solutions	**517**	-	**(223)**	-	-	**294**
Global Markets and Investor Services	-	-	-	-	-	**-**
Financing and Advisory	57	-	-	-	-	**57**
Asset and Wealth Management [2]	460	-	(223)	-	-	**237**
Total	**4,044**	**34**	**(223)**	-	**(114)**	**3,741**

(1) The CGU Societe Generale Networks was renamed France Networks as at 31 December 2021 (see section France Retail banks Projects).

(2) Corresponds to the decrease in goodwill related to the disposal of Lyxor (see Note 2.1).

20221108013 20

ANNUAL IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test at 31 December 2021 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 four-year budget trajectory (2022 – 2025) extrapolated to 2026, 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 2020 (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 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 2021 are detailed below.

2022110801321

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 2021	Discount rate	Long-term growth rate
French Retail Banking		
France Networks	8.0%	1.5%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.4% to 13.7%	2% to 3%
Insurance	9.0%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.4%	2.0%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.0%	2.0%
Financing and Advisory	10.0%	2.0%
Asset and Wealth Management	9.5%	2%

The budget trajectories take into account in particular the impacts of the commitments in favour of the energy and environmental transition and the development of the territories detailed in the Declaration of Non-Financial Performance (DNFP).

20221108013322

These budgets are based on the following main business and macro-economic assumptions:

Pillars	
French Retail Banking	
France Networks	▪ In a challenging environment (regulatory constraints, low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Credit du Nord towards a digital model, and implementation of the project to merge the two retail banking networks ▪ Confirmation of Boursorama's customer acquisition plan
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
Russia	▪ Continued development of activities in Russia by continuing to focus on activities with the best rentability and risk/reward ▪ Strict discipline applied to operating expenses and 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)
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 ▪ Recovery of profitability by continuing to focus on activities with the best risk/reward ▪ Strict discipline applied to operating expenses and scarce resources
Auto Leasing Financial Services	▪ Reinforcement of ALD position at the heart of the evolving mobility world and strengthening of competitive edge to become a fully integrated sustainable mobility provider and the global leader in its industry ▪ Continued growth for strategic partners and for long-tearm renting 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 resources utilisation in a standardised market context. ▪ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities. ▪ Continued 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) ▪ Progressive normalisation of cost of risk in improved economic conditions
Asset and Wealth Management	▪ Consolidation of commercial and operational efficiency in Wealth Management in an improved economic environment and continued development of synergies with retail banking network ▪ Divestment of most of Lyxor's asset management activities

(1) The impacts of the new IFRS 17 standard, which will come into force from 1 January 2023, have been incorporated into the budget trajectory of the Insurance CGU.

2022110801323

The tests carried out led to the impairment of a part goodwill allocated to the Africa, Mediterranean Basin and Overseas CGU for an amount of EUR 114 million presented in value adjustment on goodwill line in the income statement.

For other CGUs, the tests carried out at 31 December 2021 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 7.3% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 2.5% 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 9.2% decrease without requiring additional depreciation of any CGU.

20221108013 24

NOTE 2.3 - 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 vehicules).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shipping 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.

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.

20221108013235

(In EUR m)	Asset financing 31.12.2021	Asset financing 31.12.2020	Asset management (2) 31.12.2021	Asset management (2) 31.12.2020	Others 31.12.2021	Others 31.12.2020
Total balance sheet (1) of the entity	**6,018**	**6,777**	**17,635**	**118,781**	**23,932**	**21,105**
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	**2,650**	**3,021**	**4,659**	**6,284**	**8,512**	**6,714**
Financial assets at fair value through profit or loss	269	311	4,445	5,763	979	839
Financial assets at fair value through other comprehensive income	-	-	-	-	52	53
Financial assets at amortised cost	2,377	2,706	54	354	7,480	5,822
Others	4	4	160	167	1	-
Liabilities	**1,490**	**1,478**	**4,242**	**4,597**	**1,814**	**1,707**
Financial liabilities at fair value through profit or loss	115	129	3,715	2,845	973	871
Due to banks and customer deposits	1,338	1,332	498	1,636	841	836
Others	37	17	29	116	-	-

(1) For Asset management: NAV (Net Asset Value) of funds.

(2) In 2021, the decrease of Asset management activities is linked to the disposal of Lyxor (see Note 2.1).

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 2021, does not intend to provide such support.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as:

(In EUR m)	Asset financing 31.12.2021	Asset financing 31.12.2020	Asset management 31.12.2021	Asset management 31.12.2020	Others 31.12.2021	Others 31.12.2020
Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	2,475	2,521	5,096	4,618	1,851	2,223
Fair value of derivative financial assets recognised in the balance sheet	195	244	1,838	3,585	372	522
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	112	474	461	478	2,331	1,080
Maximum exposure to loss	**2,782**	**3,239**	**7,395**	**8,681**	**4,554**	**3,825**

20221108013326

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 2,076 million and mainly concern Others (including Securitisation and Issuing vehicules).

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 2021, 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 3,517 million.

In 2021, no significant revenue has been recognised for theses structured entities.

20221108O1327

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.

Cash flow characteristics	+	Business model	=	Accounting classification
SPPI (Solely Payments of Principal and Interest) • Basic debt financial assets		Collecting contractual cash flows		Amortised cost
		Collecting contractual cash flows and selling		Fair *value* through OCI with subsequent recycling in profit or loss
		Trading portfolio		Fair value through profit or loss
		+ Fair value option *(to eliminate or reduce an accounting mismatch)*		Fair value through profit or loss
NON SPPI • Complex debt financial assets • Equity financial assets • Derivatives instruments		Regardless of the business model		Fair value through profit or loss
		+ Fair value through OCI option *without subsequent recycling in profit or loss (non-trading equity financial assets)*		Fair value through OCI without subsequent recycling in profit or loss

20221108801328

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).

20221108011329

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.

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.

2022110801330

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

20221108013311

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.

2022110801332

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.

- The **Basic financial assets (SPPI)** held by the Group also include the financing of sustainable development projects (ESG labelled) in the form of Sustainability-linked bonds, social bonds and Green bonds the contractual flows of which are SPPI compliant.

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.

Impact loans have been granted by the Group to support the enterprises' 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). An analysis of these loans has allowed them to qualify as basic financial assets (SPPI) provided that their flows meet the de minimis criterion as well as the other SPPIcriteria.

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 the flows of which are indexed in full or in part on an ESG market index.

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

2022110801333

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.

20221108013334

NOTE 3.1 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

OVERVIEW

	31.12.2021		31.12.2020	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio *	319,789	243,112	386,796	302,270
Financial assets measured mandatorily at fair value through profit or loss	21,356		23,630	
Financial instruments measured at fair value through profit or loss using the fair value option	1,569	64,451	1,490	70,435
Total *	**342,714**	**307,563**	**411,916**	**372,705**
o/w securities purchased/sold under resale/repurchase agreements	*81,313*	*84,797*	*119,374*	*120,697*

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

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 commodities that are held by the Group as part of its market-maker activity on commodity derivative instruments.

By default, 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.

20221108601335

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 paragraph 3.1.2).

ASSETS

(In EUR m)	**31.12.2021**	**31.12.2020**
Bonds and other debt securities	22,480	30,322
Shares and other equity securities	108,858	92,780
Securities purchased under resale agreements	81,282	119,244
Trading derivatives * (1)	100,355	133,994
Loans, receivables and other trading assets	6,814	10,456
Total *	**319,789**	**386,796**
o/w securities lent	*14,370*	*11,066*

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In EUR m)	**31.12.2021**	**31.12.2020**
Amounts payable on borrowed securities	45,821	32,165
Bonds and other debt instruments sold short	3,630	5,385
Shares and other equity instruments sold short	838	1,253
Securities sold under repurchase agreements	84,729	120,696
Trading derivatives * (1)	106,607	141,634
Borrowings and other trading liabilities	1,487	1,137
Total *	**243,112**	**302,270**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) See Note 3.2 Financial derivatives.

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.

2022110801336

(In EUR m)	31.12.2021	31.12.2020
Bonds and other debt securities	193	190
Shares and other equity securities	2,769	2,561
Loans, receivables and securities purchased under resale agreements	18,394	20,879
Total	**21,356**	**23,630**

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(In EUR m)	31.12.2021	31.12.2020
Short-term loans	1,257	1,997
Equipment loans	14,881	17,248
Other loans	2,256	1,634
Total	**18,394**	**20,879**

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).

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.

20221108013337

ASSETS

(In EUR m)	31.12.2021	31.12.2020
Bonds and other debt securities	4	29
Loans, receivables and securities purchased under resale agreements	58	158
Separate assets for employee benefits plans (1)	1,507	1,303
Total	**1,569**	**1,490**

(1) Including, as at 31 December 2021, EUR 1,331 million of separate assets for defined post-employment benefits compared to EUR 1,150 million as at 31 December 2020 (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.

	31.12.2021		31.12.2020	
(In EUR m)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	64,451	65,547	70,435	70,941

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 a gain of 8 million euros during 2021. Up to this date, the total losses attributable to own credit risk amounted to 386 million euros recognised in equity.

20221110801338

4. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EUR m)	2021	2020
Net gain/loss on trading portfolio (excluding derivatives)	20,580	(1,790)
Net gain/loss on financial instruments at fair value through profit or loss [1]	(1,401)	2,746
Net gain/loss on financial instruments measured using fair value option	(3,143)	(2,285)
Net gain/loss on derivative instruments	(10,993)	4,645
Net gains/loss on hedging instruments [2]	(9)	92
Net gain/loss on fair value hedging derivatives	*(5,741)*	*801*
Revaluation of hedged items attributable to hedged risks [3]	*5,732*	*(709)*
Net gain/loss on foreign exchange transactions	670	(623)
Total	**5,704**	**2,785**
o/w gains on financial instruments at fair value through other comprehensive income	*113*	*55*

(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.

20221108013339

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 accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

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 by default, 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.

20221108013340

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.

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

	31.12.2021		31.12.2020	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments *	56,560	51,181	82,331	80,864
Foreign exchange instruments	18,404	19,320	18,698	19,795
Equities & index Instruments	24,186	33,779	31,224	37,978
Commodities Instruments	279	311	413	392
Credit derivatives	921	1,179	1,297	1,434
Other forward financial instruments	5	837	31	1,171
Total *	**100,355**	**106,607**	**133,994**	**141,634**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

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.

20221108013411

COMMITMENTS (NOTIONAL AMOUNTS)

(In EUR m)	31.12.2021	31.12.2020
Interest rate instruments	**9,807,443**	**9,731,256**
Firm instruments	8,155,415	8,090,893
Swaps	*7,013,837*	*6,849,353*
FRAs	*1,141,578*	*1,241,540*
Options	1,652,028	1,640,363
Foreign exchange instruments	**3,379,742**	**3,155,455**
Firm instruments	2,617,178	2,349,313
Options	762,564	806,142
Equity and index instruments	**838,749**	**869,679**
Firm instruments	144,592	128,941
Options	694,157	740,738
Commodities instruments	**24,539**	**20,078**
Firm instruments	24,372	19,194
Options	167	884
Credit derivatives	**177,923**	**202,994**
Other forward financial instruments	**31,022**	**28,603**
Total	**14,259,418**	**14,008,065**

During the 2021 financial year, the notional amounts of commitments were impacted by the migration protocols for cleared derivatives implemented by the clearing houses in the context of the interest rate benchmark reform (IBORM reform). These protocols provide for:

- regarding interest rate swaps, the creation of one or two additional interest rate swaps, called overlay swaps, intended to maintain the calculation of interest on the main interest rate swap, after their migration, on the basis of the historical benchmark index, until the first interest fixing date after the date of cessation of publication of the discontinued benchmark indices;
- regarding basis swaps, the creation of two interest rate swaps in opposite directions, the fixed-rate legs of which offset each other in order to simplify their migration operationally.

These protocols have the effect of significantly increasing the notional commitments of derivatives up to 493 billion euros as of 31 December 2021 without any impact on market or credit risks.

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

2022110801342

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 certain components of the hedged item 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 effective portion of changes in the fair value of the hedging derivative is recorded under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. For interest rate derivatives, the accrued interest income and expenses on the derivative are recorded in the income statement under Interest income / Interest expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

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 certain components of the hedged item 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

20221108013343

hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

When the derivative financial instrument has expired, the effective portion of changes in the fair value of hedging derivatives is booked to Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. Gains ans losses booked under equity are later recorded under Net gains and losses on financial instruments at fair value through profit or loss in the income statement at the same time as cash flows hedged. For interest rate derivatives, accrued interest income and expenses on the derivative are recorded in the income statement under Interest income / Interest expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, 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 highly probable, 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.

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 required by IAS 39 as adopted by the European Union.

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;

2022110801344

- 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 future 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; 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.

The amounts of gains or losses recognised in equity (as unrealised or deferred gains and losses), for the cash flow hedges that have been discontinued prospectively after a change in the reference interest rate used as a basis for the future cash flows hedged are kept in equity until the hedged cash flows are recorded on the income statement.

20221108013345

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

	31.12.2021		31.12.2020	
(In EUR m)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge	**12,823**	**10,171**	**19,982**	**12,161**
Interest rate instruments	12,786	10,141	19,950	12,161
Foreign exchange instruments	36	30	32	-
Equity and index Instruments	1	-	-	-
Cash flow hedge	**311**	**61**	**298**	**163**
Interest rate instruments	253	26	288	58
Foreign exchange instruments	24	33	10	34
Equity and index Instruments	34	2	-	71
Net investment hedge	**105**	**193**	**387**	**137**
Foreign exchange instruments	105	193	387	137
Total	**13,239**	**10,425**	**20,667**	**12,461**

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.

20221108013346

COMMITMENTS (NOTIONAL AMOUNTS)

(In EUR m)	31.12.2021	31.12.2020
Interest rate instruments	**981,765**	**970,144**
Firm instruments	978,728	969,391
Swaps	696,716	*779,359*
FRAs	282,012	*190,032*
Options	3,037	753
Foreign exchange instruments	**9,245**	**8,604**
Firm instruments	9,245	8,604
Equity and index instruments	**160**	**169**
Firm instruments	160	169
Total	**991,170**	**978,917**

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

These items are presented according to the contractual maturity of the financial instruments.

(In EUR m)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31.12.2021
Interest rate instruments	125,185	277,507	338,661	240,412	981,765
Foreign exchange instruments	2,196	5,683	1,263	103	9,245
Equity and index instruments	36	34	71	19	160
Total	**127,417**	**283,224**	**339,995**	**240,534**	**991,170**

2022116801347

NOTE 3.3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

OVERVIEW

(In EUR m)	31.12.2021	31.12.2020
Debt instruments	43,180	51,801
Bonds and other debt securities	*43,081*	*51,721*
Loans and receivables and securities purchased under resale agreements	*99*	*80*
Shares and other equity securities	270	259
Total	**43,450**	**52,060**
o/w securities lent	*241*	*173*

1. DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

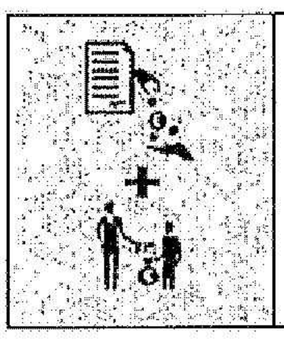
Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a Collect and Sell business model.

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.

2022110801348

CHANGES OF THE PERIOD

(In EUR m)	2021
Balance as at 1 January	**51,801**
Acquisitions/disbursements	31,123
Disposals/redemptions	(39,468)
Change in scope and others	(789)
Changes in fair value during the period	(1,444)
Change in related receivables	(13)
Translation differences	1,970
Balance as at 31 December	**43,180**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EUR m)	31.12.2021	31.12.2020
Unrealised gains	334	714
Unrealised losses	(200)	(262)
Total	**134**	**452**

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 assets 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.

2622116861349

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.

20221108013S0

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 Nth 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).

20221108801351

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	31.12.2021				31.12.2020			
(In EUR m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**119,240**	**95,485**	**4,709**	**219,434**	**109,734**	**138,699**	**4,369**	**252,802**
Bonds and other debt securities	19,516	2,584	380	22,480	26,420	3,108	794	30,322
Shares and other equity securities	99,721	9,137	-	108,856	83,314	9,465	1	92,780
Securities purchased under resale agreements	-	77,080	4,202	81,282	-	116,009	3,235	119,244
Loans, receivables and other trading assets	3	6,684	127	6,814	-	10,117	339	10,456
Trading derivatives *	**371**	**96,018**	**3,966**	**100,355**	**49**	**129,875**	**4,070**	**133,994**
Interest rate instruments *	17	53,860	2,683	56,560	4	79,647	2,680	82,331
Foreign exchange instruments	354	17,817	233	18,404	38	18,484	176	18,698
Equity and index instruments	-	23,613	573	24,186	-	30,730	494	31,224
Commodity instruments	-	276	3	279	-	410	3	413
Credit derivatives	-	447	474	921	-	580	717	1,297
Other forward financial instruments	-	5	-	5	7	24	-	31
Financial assets measured mandatorily at fair value through profit or loss	**169**	**16,727**	**4,460**	**21,356**	**183**	**19,517**	**3,930**	**23,630**
Bonds and other debt securities	16	45	132	193	18	43	129	190
Shares and other equity securities	153	368	2,248	2,769	165	359	2,037	2,561
Loans, receivables and securities purchased under resale agreements	-	16,314	2,080	18,394	-	19,115	1,764	20,879
Financial assets measured using fair value option through profit or loss	**-**	**1,565**	**4**	**1,569**	**13**	**1,461**	**16**	**1,490**
Bonds and other debt securities	-	-	4	4	13	-	16	29
Loans, receivables and securities purchased under resale agreements	-	58	-	58	-	158	-	158
Separate assets for employee benefit plans	-	1,507	-	1,507	-	1,303	-	1,303
Hedging derivatives	**-**	**13,239**	**-**	**13,239**	**-**	**20,667**	**-**	**20,667**
Interest rate instruments	-	13,039	-	13,039	-	20,238	-	20,238
Foreign exchange instruments	-	165	-	165	-	429	-	429
Equity and index instruments	-	35	-	35	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**42,798**	**380**	**272**	**43,450**	**51,090**	**708**	**262**	**52,060**
Bonds and other debt securities	42,798	281	2	43,081	51,090	628	3	51,721
Shares and other equity securities	-	-	270	270	-	-	259	259
Loans and receivables	-	99	-	99	-	80	-	80
Total *	**162,578**	**223,414**	**13,411**	**399,403**	**161,069**	**310,927**	**12,647**	**484,643**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108013S2

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	31.12.2021				31.12.2020			
(In EUR m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**4,494**	**129,989**	**2,022**	**136,505**	**6,666**	**152,939**	**1,031**	**160,636**
Amounts payable on borrowed securities	30	45,630	161	45,821	28	32,031	106	32,165
Bonds and other debt instruments sold short	3,626	1	3	3,630	5,385	-	-	5,385
Shares and other equity instruments sold short	838	-	-	838	1,253	-	-	1,253
Securities sold under repurchase agreements	-	82,874	1,855	84,729	-	119,772	924	120,696
Borrowings and other trading liabilities	-	1,484	3	1,487	-	1,136	1	1,137
Trading derivatives *	**400**	**101,390**	**4,817**	**106,607**	**46**	**136,265**	**5,323**	**141,634**
Interest rate instruments *	9	48,750	2,422	51,181	5	78,162	2,697	80,864
Foreign exchange instruments	390	18,719	211	19,320	40	19,599	156	19,795
Equity and index instruments	1	32,124	1,654	33,779	-	36,000	1,978	37,978
Commodity instruments	-	309	2	311	-	392	-	392
Credit derivatives	-	651	528	1,179	-	942	492	1,434
Other forward financial instruments	-	837	-	837	1	1,170	-	1,171
Financial liabilities measured using fair value option through profit or loss	**-**	**27,633**	**36,818**	**64,451**	**-**	**30,784**	**39,651**	**70,435**
Hedging derivatives	**-**	**10,425**	**-**	**10,425**	**-**	**12,461**	**-**	**12,461**
Interest rate instruments	-	10,168	-	10,168	-	12,219	-	12,219
Foreign exchange instruments	-	255	-	255	-	171	-	171
Equity and index instruments	-	2	-	2	-	71	-	71
Total *	**4,894**	**269,437**	**43,657**	**317,988**	**6,712**	**332,449**	**46,005**	**385,166**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108013S3

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

(In EUR m)	Balance as at 31.12.2020	Acquisitions	Disposals / redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2021
Trading portfolio (excluding derivatives)	**4,369**	**4,337**	**(2,776)**	**(985)**	**-**	**(368)**	**159**	**(27)**	**4,709**
Bonds and other debt securities	794	1,282	(1,603)	(33)	-	(90)	34	(4)	380
Shares and other equity securities	1	-	(1)	-	-	-	-	-	-
Securities purchased under resale agreements	3,235	3,047	(978)	(952)	-	(278)	120	8	4,202
Loans, receivables and other trading assets	339	8	(194)	-	-	-	5	(31)	127
Trading derivatives	**4,070**	**485**	**(68)**	**(168)**	**164**	**(699)**	**182**	**-**	**3,966**
Interest rate instruments	2,680	-	-	(123)	118	(100)	108	-	2,683
Foreign exchange instruments	176	2	-	-	6	38	11	-	233
Equity and index instruments	494	483	(68)	(2)	4	(375)	37	-	573
Commodity instruments	3	-	-	-	-	-	-	-	3
Credit derivatives	717	-	-	(43)	36	(262)	26	-	474
Financial assets measured mandatorily at fair value through profit or loss	**3,930**	**895**	**(313)**	**(6)**	**10**	**(197)**	**164**	**(23)**	**4,460**
Bonds and other debt securities	129	23	(16)	-	10	(12)	-	-	132
Shares and other equity securities	2,037	99	(42)	(6)	-	88	96	(24)	2,248
Loans, receivables and securities purchased under resale agreements	1,764	773	(253)	-	-	(273)	68	1	2,080
Financial assets measured using fair value option through profit or loss	**16**	**8**	**-**	**-**	**-**	**(20)**	**-**	**-**	**4**
Bonds and other debt securities	16	8	-	-	-	(20)	-	-	4
Financial assets measured at fair value option through other comprehensive income	**262**	**-**	**(1)**	**-**	**-**	**11**	**-**	**-**	**272**
Debt instruments	3	-	(1)	-	-	-	-	-	2
Equity instruments	259	-	-	-	-	11	-	-	270
Total	**12,647**	**5,725**	**(3,158)**	**(1,159)**	**174**	**(1,273)**	**505**	**(50)**	**13,411**

20221108013S4

FINANCIAL LIABILITIES

(In EUR m)	Balance as at 31.12.2020	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	*Change in scope and others*	Balance as at 31.12.2021
Trading portfolio (excluding derivatives)	**1,031**	**1,163**	**(438)**	**(85)**	**-**	**346**	**5**	**-**	**2,022**
Amounts payable on borrowed securities	106	-	-	(4)	-	59	-	-	161
Bonds and other debt instruments sold short	-	-	-	-	-	3	-	-	3
Securities sold under repurchase agreements	924	1,163	(438)	(81)	-	282	5	-	1,855
Borrowings and other trading liabilities	1	-	-	-	-	2	-	-	3
Trading derivatives	**5,323**	**419**	**(100)**	**(660)**	**197**	**(487)**	**125**	**-**	**4,817**
Interest rate instruments	2,697	3	-	(249)	119	(152)	4	-	2,422
Foreign exchange instruments	*156*	-	-	-	*8*	49	*(2)*	-	211
Equity and Index instruments	1,978	414	(100)	(376)	54	(420)	104	-	1,654
Commodity instruments	-	2	-	-	-	-	-	-	2
Credit derivatives	492	-	-	(35)	16	36	19	-	528
Financial liabilities measured using fair value option through profit or loss	**39,651**	**17,000**	**(21,706)**	**(1,301)**	**1,422**	**621**	**1,131**	**-**	**36,818**
Total financial liabilities at fair value	**46,005**	**18,582**	**(22,244)**	**(2,046)**	**1,619**	**480**	**1,261**	**-**	**43,657**

2022110801355

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 closing 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 case 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 framework has been set up 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. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- 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.);
- proportion of net asset value held.

2022110801356

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are supplemented by a discounted future cash flow valuation based on business plans or on valuation multiples of similar companies.

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.

20221108001357

5. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

The following table provides the valuation of Level 3 instruments on the balance sheet and the range of values of the most significant unobservable inputs by main product type.

(In EUR m)

Cash instruments and derivatives	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min.	Range of inputs 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	3.0%	84.8%
			Equity dividends	0.0%	15.8%
			Correlations	-100.0%	100.0%
			Hedge fund volatilities	7.1%	20.0%
			Mutual fund volatilities	1.7%	26.1%
Interest rates and Forex	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-33.6%	90.0%
	Forex derivatives	Forex option pricing models	Forex volatilities	0.0%	45.5%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.0%	20.0%
	Inflation instruments and derivatives	Inflation pricing models	Correlations	55.0%	88.9%
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	Commodities Correlations	NA	NA
Long term equity Investments	*Securities held for strategic* purposes	Net Book Value / *Recent* transactions	Not applicable	-	-

20221108013358

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.

	31.12.2021	
(In EUR m)	**Assets**	**Liabilities**
Equities/funds	1,168	25,994
Rates and Forex	9,715	17,133
Credit	474	528
Commodities	3	2
Long term equity investments	2,051	-
Total	**13,411**	**43,657**

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 2021 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.

20221108013S9

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A REASONABLE VARIATION IN UNOBSERVABLE INPUTS

(In EUR m)	31.12.2021		31.12.2020	
	Negative impact	**Positive impact**	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(21)**	**78**	**(49)**	**150**
Equity volatilities	-	12	0	27
Dividends	-	19	(18)	46
Correlations	(20)	44	(31)	69
Hedge Fund volatilities	-	0	0	0
Mutual Fund volatilities	(1)	3	0	8
Rates or Forex instruments and derivatives	**(6)**	**30**	**(6)**	**27**
Correlations between exchange rates and/or interest rates	(3)	27	(4)	26
Forex volatilities	(2)	3	(1)	1
Constant prepayment rates	-	(0)	0	0
Inflation/inflation correlations	(1)	0	(1)	0
Credit instruments and derivatives	**-**	**8**	**0**	**12**
Time to default correlations	-	1	0	1
Recovery rate variance for single name underlyings	-	-	0	0
Quanto correlations	-	4	0	8
Credit spreads	-	3	0	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.

20221108013600

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 EUR m)	2021	2020
Deferred margin at 1 January	**1,157**	**1,151**
Deferred margin on new transactions during the period	1,053	949
Margin recorded in the income statement during the period	(1,019)	(943)
o/w amortisation	*(558)*	*(614)*
o/w switch to observable inputs	*(15)*	*(24)*
o/w disposed, expired or terminated	*(446)*	*(305)*
Deferred margin at 31 December	**1,191**	**1,157**

20221108011361

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

OVERVIEW

	31.12.2021		31.12.2020	
(In EUR m)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	55,972	*(36)*	53,380	*(31)*
Customer loans	497,164	*(10,980)*	448,761	*(11,601)*
Securities	19,371	*(57)*	15,635	*(42)*
Total	**572,507**	***(11,073)***	**517,776**	***(11,674)***

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 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 renegotiation fees 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 under 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.

2022110801362

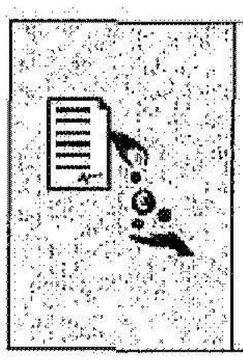
BUSINESS MODEL "HOLD TO COLLECT"

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.

1. DUE FROM BANKS

(In EUR m)	31.12.2021	31.12.2020
Current accounts	26,997	25,712
Deposits and loans	18,123	16,000
Securities purchased under resale agreements	10,184	11,264
Subordinated and participating loans	99	97
Related receivables	585	297
Due from banks before impairments [1]	**55,988**	**53,370**
Credit loss impairment	(36)	(31)
Revaluation of hedged items	20	41
Total	**55,972**	**53,380**

(1) As at 31 December 2021, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 46 million compared to EUR 58 million at 31 December 2020. 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).

20221108013G3

2. CUSTOMER LOANS

(In EUR m)	31.12.2021	31.12.2020
Overdrafts	27,013	16,381
Other customer loans	438,165	401,589
Lease financing agreements	30,509	30,086
Securities purchased under resale agreements	8,831	8,439
Related receivables	3,399	3,438
Customer loans before impairments [1]	**507,917**	**459,933**
Credit loss impairment	(10,980)	(11,601)
Revaluation of hedged items	227	429
Total	**497,164**	**448,761**

(1) Aa at 31 December 2021, the amount due from customers classified as Stage 3 impairment (credit impaired) is EUR 16,261 million compared to EUR 16,807 million at 31 December 2020. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the carrying amount to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

(In EUR m)	31.12.2021	31.12.2020
Trade notes	9,945	8,491
Short-term loans	144,481	133,502
Export loans	13,220	11,078
Equipment loans	66,183	62,324
Housing loans	151,869	142,247
Loans secured by notes and securities	204	83
Other loans	52,263	43,864
Total	**438,165**	**401,589**

20221108013364

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

(In EUR m)	31.12.2021	31.12.2020
Gross investments	**32,201**	**32,077**
Amount for the next five years	26,714	26,786
Less than one year	*9,227*	*9,111*
From one to two years	*7,124*	*6,690*
From two to three years	*5,047*	*5,460*
From three to four years	*3,315*	*3,402*
From four to five years	*2,001*	*2,123*
More than five years	5,487	5,291
Present value of minimum payments receivable	**28,888**	**28,444**
Rental receivables due for the next five years	24,685	24,321
Less than one year	*8,759*	*8,465*
From one to two years	*6,666*	*6,099*
From two to three years	*4,598*	*4,945*
From three to four years	*2,966*	*3,010*
From four to five years	*1,696*	*1,802*
Rental receivables due for more than five years	4,203	4,123
Unearned financial income	**1,692**	**1,991**
Unguaranteed residual values receivable by the lessor	**1,621**	**1,642**

3. SECURITIES

(In EUR m)	31.12.2021	31.12.2020
Government securities	8,896	7,143
Negotiable certificates, bonds and other debt securities	10,525	8,390
Related receivables	160	101
Securities before impairments	**19,581**	**15,634**
Impairment	(57)	(42)
Revaluation of hedged items	(153)	43
Total	**19,371**	**15,635**

2022110801365

NOTE 3.6 - DEBTS

ACCOUNTING PRINCIPLES

Debts include the non-derivative financial liabilities that are not measured at fair value through profit or loss.

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).

1. DUE TO BANKS

(In EUR m)	31.12.2021	31.12.2020
Demand deposits and current accounts	12,373	11,354
Overnight deposits and borrowings	1,564	3,221
Term deposits (1)	121,708	117,460
Related payables	47	61
Revaluation of hedged items	104	440
Securities sold under repurchase agreements	3,381	3,035
Total	**139,177**	**135,571**

(1) Including term-deposits linked to governments and central administrations, 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 bonification 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 entities of the Societe Generale group have subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2021. As at 31 December 2021, the total outstanding amount drawn is EUR 71.9 billion.

20221108013665

Once the Group has reasonable assurance of being eligible for the bonus rates provided for, the latter are taken into account to determine the amount of interest recognised in profit or loss for the TLTRO loans; this amount is then computed based on a weighted rate spreading the bonus over the expected life of the drawdowns concerned.

The Group has reached its objective of stability of the outstanding amount of eligible loans between 1 March 2020 and 31 March 2021 allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied between 24 June 2020 and 23 June 2021. As at 31 December 2021, the Group already had the reasonable assurance that it could benefit from these bonuses and had thus taken them into account to calculate the amount of interest recognised in 2020 based on a weighted average rate of -0.67%; the confirmation that the required objectives had indeed been met as at 31 March 2021 has thus not changed the pace of recognition of these interests.

As early as the end of September 2021, the Group had the reasonable assurance that it would reach its objective of stability of the outstanding amount of eligible loans between 1 October 2020 and 31 December 2021, which was confirmed at the end of the year, allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied between 24 June 2021 and 23 June 2022. The weighted average rate of the TLTRO borrowings has thus been adjusted as early as September to -0.63% and -0.83% depending on the drawdown dates. The retroactive impact of this adjustment has generated a EUR 0.1 billion income included in the total amount of negative interest on the TLTRO borrowing recorded in 2021 under Interest and Similar income for EUR 0.6 billion (around EUR 0.2 billion in 2020).

In January 2021, the IFRS IC received a question about the accounting treatment of the TLTRO. The Group remains vigilant with regard to the IFRS IC decision and will take account of any elements of clarification that this decision will provide.

2. CUSTOMER DEPOSITS

(In EUR m)	31.12.2021	31.12.2020
Regulated savings accounts	109,079	100,204
Demand	*83,025*	*74,617*
Term	*26,054*	*25,587*
Other demand deposits (1)	308,091	268,556
Other term deposits (1)	84,861	81,295
Related payables	261	299
Revaluation of hedged items	103	169
Total customer deposits	**502,395**	**450,523**
Securities sold to customers under repurchase agreements	6,738	5,536
Total	**509,133**	**456,059**

(1) Including term-deposits linked to governments and central administrations

20221108061367

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(In EUR m)	31.12.2021	31.12.2020
Professionals and corporates	149,089	124,987
Individual customers	90,590	84,364
Financial customers	51,306	43,558
Others [1]	17,106	15,647
Total	**308,091**	**268,556**

(1) Including term-deposits linked to governments and central administrations

3. DEBT SECURITIES ISSUED

(In EUR m)	31.12.2021	31.12.2020
Term savings certificates	276	312
Bond borrowings	21,525	22,434
Interbank certificates and negotiable debt instruments	112,819	114,276
Related payables	574	672
Revaluation of hedged items	130	1,263
Total	**135,324**	**138,957**
o/w floating-rate securities	*62,215*	*59,475*

20221108013 68

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.

20221108013369

(In EUR m)	2021 Income	2021 Expense	2021 Net	2020 Income	2020 Expense	2020 Net
Financial instruments at amortised cost	11,574	(4,344)	7,230	12,193	(5,449)	6,744
Central banks	*78*	*(308)*	*(230)*	*110*	*(153)*	*(43)*
Bonds and other debt securities	*428*	*(1,293)*	*(865)*	*470*	*(1,660)*	*(1,190)*
Due from/to banks (1)	*1,107*	*(410)*	*697*	*943*	*(819)*	*124*
Customer loans and deposits	*9,680*	*(1,695)*	*7,985*	*10,257*	*(2,109)*	*8,148*
Subordinated debt	*-*	*(526)*	*(526)*	*-*	*(503)*	*(503)*
Securities lending/borrowing	*10*	*(11)*	*(1)*	*6*	*(4)*	*2*
Repo transactions	*271*	*(101)*	*170*	*407*	*(201)*	*206*
Hedging derivatives	7,015	(5,489)	1,526	6,550	(4,753)	1,797
Financial instruments at fair value through other comprehensive income	415	-	415	526	(2)	524
Lease agreements	843	(39)	804	991	(44)	947
Real estate lease agreements	*166*	*(39)*	*127*	*179*	*(43)*	*136*
Non-real estate lease agreements	*677*	*-*	*677*	*812*	*(1)*	*811*
Sub-total interest income/expense on financial instruments using the effective interest method	**19,847**	**(9,872)**	**9,975**	**20,260**	**(10,248)**	**10,012**
Financial instruments mandatorily at fair value through profit or loss	*743*	*-*	*743*	461	-	461
Total Interest income and expense	**20,590**	**(9,872)**	**10,718**	**20,721**	**(10,248)**	**10,473**
o/w interest income from impaired financial assets	*259*	*-*	*259*	*268*	*-*	*268*

(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 EUR m)	2021	2020
Trade notes	332	342
Other customer loans	8,485	8,992
Short-term loans	*3,486*	*3,840*
Export loans	*223*	*255*
Equipment loans	*1,396*	*1,410*
Housing loans	*2,781*	*2,884*
Other customer loans	*599*	*603*
Overdrafts	613	662
Doubtful outstandings (stage 3)	250	261
Total	**9,680**	**10,257**

20221108013 70

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, compensates it.

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

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Group, is recognised in profit or loss together with interest income. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment are 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.

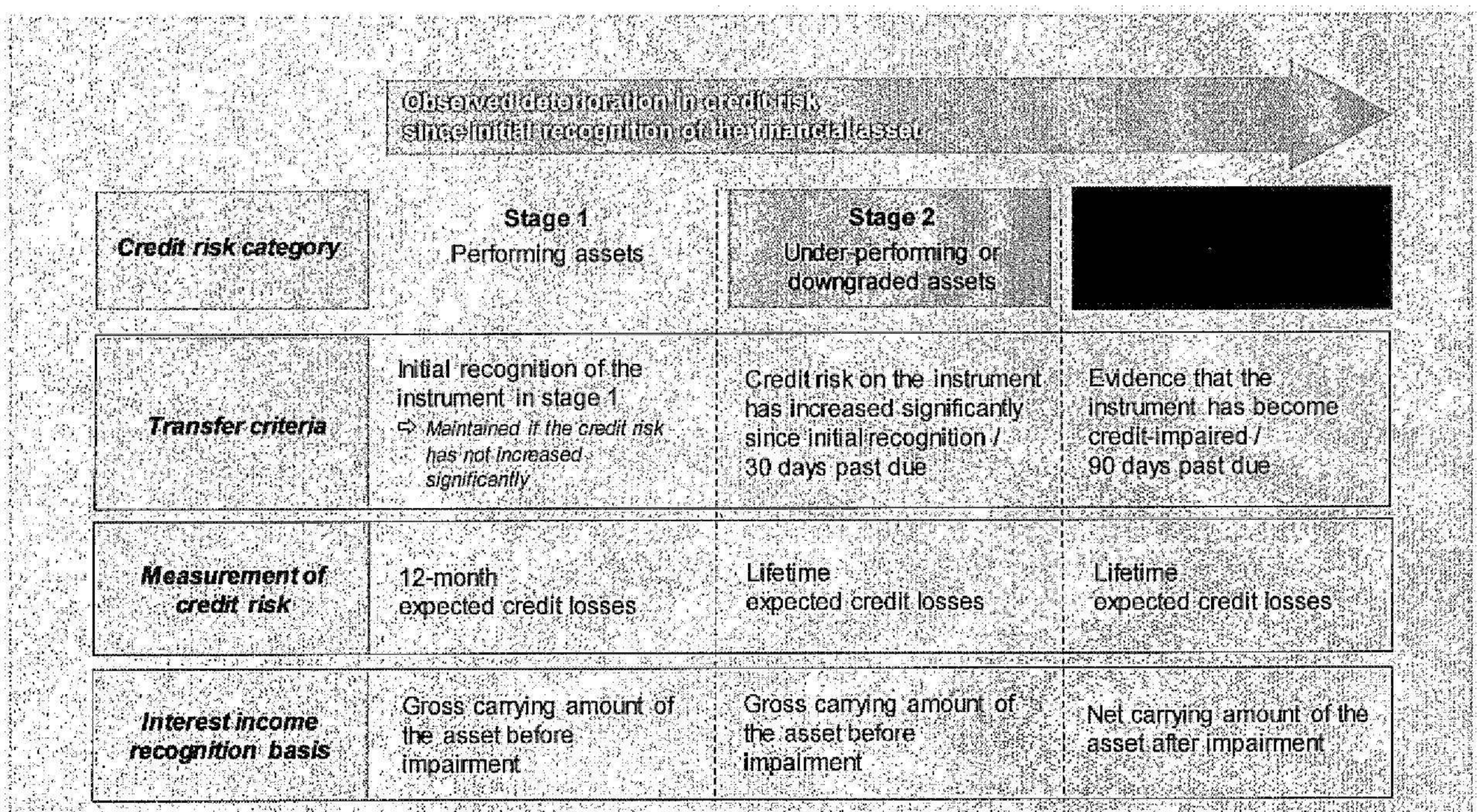
ACCOUNTING PRINCIPLES

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:

2022116801371



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 impairments 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.

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" au lieu de "that may be a sign of deteriorating 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.

20221108013372

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 3 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.

20221108013373

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 (example: financial guarantee aimed at compensating the first losses suffered on a given portfolio of loans), 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.

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

20221108801374

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 loans are then classified as Financial assets measured at fair value through profit or loss.

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.

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 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 variables used in the expected credit loss assessment models are presented in chapter 4.5.4 of the 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.

COVID-19 CRISIS

As at 31 December, to account for uncertainties related to the continuing sanitary crisis, the Group has updated the model and post-model adjustments in keeping with 2020.

It will be recalled that in 2020, in response to the Covid-19 crisis, the models and parameters used to estimate the expected credit losses had been reviewed and updated based on new economic scenarios. Sectoral and other adjustments had been updated to supplement the application of these models. A new criterion had also been established for reclassifying loans as underperforming loans in Stage 2.

These adjustments are taken into account to estimate the expected credit losses (Stages 1 and 2), except for the additional criterion for transfer to Stage 2 which concerns the classification of loans outstanding.

UPDATE OF THE MODELS AND PARAMETERS USED TO ESTIMATE EXPECTED CREDIT LOSSES

When applied for determining future default rates, the models used to estimate the expected credit losses didn't reflect accurately the economic uncertainties stemming from the current crisis.

Since 2020, the Group has made some adjustments to its models (GDP adjustment and adjustment of the margin rates of French companies) to better reflect the impact of the economic scenarios on the expected credit losses and the effects of the support measures.

20221108013375

GDP adjustment

The containment measures taken by governments have resulted in a sudden decline in economic activity reflected in a significant volatility in the quarterly GDP growth rates (year-on-year) in the 2021 and 2022 forecasts in the countries where the Group operates.

Furthermore, the authorities have adopted financial support measures for households and businesses to help them cope with the sudden deterioration in activity. Therefore, it seems likely that a time-lag will appear 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 8 quarters compared to a base of 100 in 2019. This adjustment has not been used to determine the GDP rates for 2023 to 2025.

As at 31 December 2021, the GDP rates used in the models have been determined as follows:

- for each quarter of 2021 and 2022, the Group used in its models an average of the changes in GDP over the last 8 quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the four scenarios (SG Favourable, SG Central, SG Extended 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 2021 and 2022 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios, adjusted as described above;
- the data displayed for the years 2023 to 2025 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios.

	2021	2022	2023	2024	2025
Euro area	(4.3)	(3.3)	1.1	1.5	1.8
France	(4.9)	(3.4)	0.9	1.1	1.9
United States of America	(2.1)	(0.4)	2.0	1.8	2.0
China	3.4	3.1	4.1	4.2	4.4

Adjustment of the margin rate of French companies

To prepare the consolidated financial statements as at 31 December 2020, an add-on had been included on the margin rate of French companies for 2020 and the first half of 2021 to take account of the State support measures

The Group removed this add-on in 2021 owing to the INSEE (French National Institute of Statistics and Economic studies) taking account of the impact of the support measures in its margin rate forecasts.

Impact of the model adjustments as at 31 December 2021

Thus, as at 31 December 2021, the adjustments to the macro-economic variables and to the probabilities of default have resulted in a 445 million euros increase in the amount of impairments and provisions for credit risk (496 million euros as at 31 December 2020). The impact of these adjustments is due to:

- 319 million euros corresponding to the above-mentioned GDP adjustment;
- 126 million euros attributable to the update of the weights in the macro-economic scenarios presented in Note 1.

20221108013376

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF 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 (with no impact on the classification of loans) of some sectors; the second, implemented since 2020, supplements the analysis of the increase in credit risk and may leads to additional transfers in Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors that have been subject to peaks in default in the past or that are particularly vulnerable to the current crisis and the Group exposure of which 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 hotel / restaurant / leisure sectors, as well as the oil and gas, commercial real-estate, cruise operators and airline sectors.

At the time when these adjustments are reviewed and where consistent with the provisioning horizon, the possible impact of climate risks on the determination of expected credit losses has been integrated.

The total sectoral adjustments amount thus to 536 million euros as at 31 December 2021 (406 million euros as at 31 December 2020). These changes stem from the implementation during the first half of 2021 of ratios to take account of the reduction in the impact of the macro-economic variables on the probabilities of default and to maintain a conservative coverage on the sectors impacted by the Covid-19 crisis.

Additional criterion of transfer to stage 2

Since 2020 and the beginning of the Covid-19 crisis, in addition to the criteria applied at the individual level to classify deteriorated loans as Stage 2 underperforming loans, an additional expert analysis has been made on the loan portfolios for which a significant increase in credit risk has been observed since their granting. This analysis resulted in additional transfers to Stage 2 underperforming loans of all loans granted to sectors particularly affected by the Covid-19 crisis and granted before the crisis. For the loans concerned, in addition to these transfers to Stage 2, an estimate of the provision has been made taking account of the sectoral adjustments (described above) which might have been applied.

These adjustments amount to 19 million euros as at 31 December 2021 (122 million euros as at 31 December 2020). This decrease over 2021 is attributable to the exit from the list of sectors concerned of the motor vehicles, shipping, oil and gas and non-food retail sectors, and to the maturing of some of the contracts concerned. Some of the sectors excluded from the list may nonetheless continue to be subject to a sectoral adjustment of the expected credit losses mentioned above, depending on their intrinsic risk (and not on a pandemic-related deterioration anymore).

20223108013377

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 (e.g., legal or regulatory changes).*

These adjustments amount to 399 million euros as at 31 December 2021 (424 million euros as at 31 December 2020). These changes stem from the cancellation of the adjustments implemented for the loans under moratorium, provided that these moratoriums have expired at least a year ago. However, this decrease is partly offset by the implementation of adjustments for the loans most exposed to the crisis to better account for the uncertain economic situation.

CONSIDERATION OF THE SUPPORT MEASURES IN THE ASSESSMENT OF THE SIGNIFICANT INCREASE IN CREDIT RISK

The support measures granted are taken into account in the holistic customer analysis in order to assess the significant increase in credit risk (Criteria 1 and 2 presented in the Accounting principles in Note 3.8).

Despite the absence of actual defaults in a context where most support measures have now come to an end, the Group maintain 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.

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.

In this note, the unit of measurement selected is the outstanding amounts for which provisions can be booked. These outstanding amounts correspond to the outstanding stock subject to credit risk under IFRS 9:

- booked on the balance sheet:
  - (*securities (excluding securities received under repurchase agreements)* and loans and advances to customers and credit institutions and similar measured at amortised cost or at fair value through equity;
  - deposits with central banks;
  - operating and finance lease;
  - collateral deposits with the CCPs.
- booked off-balance sheet (financing and guarantee commitments).

Excluding the assets bearing little or no risk, mainly the securities received under repurchase agreements and the guarantee deposits in relation with losing positions on derivatives.

2022110801378

RECONCILIATION BETWEEN ACCOUNTING OUTSTANDING AMOUNTS AND OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED

(In EUR m)		31.12.2021	31.12.2020 *
Debt instruments at fair value through other comprehensive income	Note 3.3	43,180	51,801
Securities at amortised cost	Note 3.5	19,371	15,635
Due from banks at amortised cost	Note 3.5	55,972	53,380
Due from central banks (1)		177,510	165,837
Customer loans at amortised cost	Note 3.5	497,164	448,761
Other assets (2)		80,744	53,930
Net value of accounting outstanding amounts (balance sheet)		**873,941**	**789,344**
Impairment of loans at amortised cost	Note 3.8	11,357	11,962
Gross value of accounting outstanding amounts (balance sheet)		**885,298**	**801,306**
Additional items included in the scope of outstanding amounts for which provisions can be booked:		269,730	237,521
Financing and guarantee commitments (off-balance sheet)		*269,730*	*237,521*
Items excluded from the scope of outstanding amounts for which provisions can be booked		(35,139)	(38,141)
Gross value of accounting outstanding amounts after retreatments		**1,119,889**	**1,000,686**
Gross value of outstanding amounts for which provisions can be booked		**1,119,889**	**1,000,686**

* *The amounts have been restated, compared with the published financial statements for the year ended 31 December 2020, following the integration of Other Sundry debtors and property acquired by adjudication measured at amortised cost in Other assets and Impairment of loans at amortised cost.*

(1) Included in line Cash, due from central banks.

(2) Of which mainly 77,854 million euros of guarantee deposits paid and 952 million euros of operating lease payment amounts as at 31 December 2021 (see. Note 4.4).

20221108013 79

OUTSTANDING AMOUNTS SUBJECT TO IMPAIRMENT AND PROVISIONS BY IMPAIRMENT STAGE AND BY ACCOUNTING CATEGORY

(In EUR m)	31.12.2021 Outstanding amounts subject to impairment and provisions	31.12.2021 Impairment /provisions	31.12.2020 Outstanding amounts subject to impairment and provisions	31.12.2020 Impairment /provisions
Financial assets at fair value through other comprehensive income	**43,180**	**8**	**51,801**	**9**
Performing outstandings (Stage 1)	43,172	1	51,792	1
Underperforming outstandings (Stage 2)	1	1	-	-
Doubtful outstandings (Stage 3)	7	6	9	8
Financial assets at amortised cost * (1)	**806,979**	**11,357**	**711,363**	**11,962**
Performing outstandings (Stage 1)	746,840	1,148	644,063	1,078
Underperforming outstandings (Stage 2)	43,299	1,674	49,905	1,951
Doubtful outstandings (Stage 3)	16,840	8,535	17,395	8,933
o/w lease financing	***30,508***	***889***	***30,086***	***888***
Performing outstandings (Stage 1)	*24,733*	*113*	*24,214*	*113*
Underperforming outstandings (Stage 2)	*4,294*	*184*	*4,490*	*210*
Doubtful outstandings (Stage 3)	*1,481*	*592*	*1,382*	*565*
Financing commitments *	**192,270**	**427**	**183,671**	**433**
Performing outstandings (Stage 1)	184,533	165	161,840	119
Underperforming outstandings (Stage 2)	7,526	231	21,488	279
Doubtful outstandings (Stage 3)	211	31	343	35
Guarantee commitments	**77,460**	**461**	**53,851**	**495**
Performing outstandings (Stage 1)	72,763	52	46,169	44
Underperforming outstandings (Stage 2)	3,926	82	6,876	152
Doubtful outstandings (Stage 3)	771	327	806	299
Total	**1,119,889**	**12,253**	**1,000,686**	**12,899**

* *The amounts have been restated, compared with the published financial statements for the year ended 31 December 2020, following the integration of Other Sundry debtors and property acquired by adjudication measured at amortised cost.*

(1) Including Central Banks for EUR 177,510 million as at 31 December 2021 (versus 165,837 million euros as at 31 December 2020).

20221108013380

OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED / PROVISIONS BY BASEL PORTFOLIO

	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	237,733	665	106	**238,504**	5	4	67	**76**
Institutions	146,315	794	71	**147,180**	11	23	12	**46**
Corporates	406,364	29,825	9,874	**446,063**	713	1,289	4,771	**6,773**
SME	*51,823*	*7,589*	*4,122*	***63,534***	*215*	*464*	*2,166*	***2,845***
Retail	213,585	22,162	7,665	**243,412**	587	663	4,040	**5,290**
VSB	*25,828*	*4,913*	*2,322*	***33,063***	*131*	*236*	*138*	***505***
Others	43,311	1,306	113	**44,730**	50	9	9	**68**
Total	**1,047,308**	**54,752**	**17,829**	**1,119,889**	**1,366**	**1,988**	**8,899**	**12,253**

	31.12.2020 *							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	232,976	483	121	**233,580**	4	1	69	**74**
Institutions	113,467	969	69	**114,505**	10	71	17	**98**
Corporates	315,638	54,984	10,189	**380,811**	590	1,517	5,082	**7,189**
SME	*48,517*	*7,255*	*4,148*	***59,920***	*179*	*449*	*2,200*	***2,828***
Retail	204,820	19,536	8,052	**232,408**	573	738	4,103	**5,414**
VSB	*27,453*	*5,139*	*2,409*	***35,001***	*136*	*274*	*1,394*	***1,804***
Others	36,964	2,297	121	**39,382**	65	55	4	**124**
Total	**903,865**	**78,269**	**18,552**	**1,000,686**	**1,242**	**2,382**	**9,275**	**12,899**

* *The amounts have been restated, compared with the published financial statements for the year ended 31 December 2020, following the integration of Other Sundry debtors and property acquired by adjudication measured at amortised cost.*

20221080138I

GEOGRAPHICAL BREAKDOWN OF OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED AND PROVISIONS

	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	464,116	31,104	8,440	**503,660**	553	1,121	3,683	**5,357**
Western European countries (excl. France)	231,196	7,069	2,581	**240,846**	247	266	989	**1,502**
Eastern European countries EU	58,564	5,139	1,202	**64,905**	164	260	714	**1,138**
Eastern Europe excluding EU	25,398	1,875	370	**27,643**	150	25	303	**478**
North America	151,111	4,182	180	**155,473**	50	123	58	**231**
Latin America and Caribbean	10,561	905	195	**11,661**	8	15	72	**95**
Asia-Pacific	55,559	1,130	680	**57,369**	20	14	364	**398**
Africa and Middle East	50,803	3,348	4,181	**58,332**	174	164	2,716	**3,054**
Total	**1,047,308**	**54,752**	**17,829**	**1,119,889**	**1,366**	**1,988**	**8,899**	**12,253**

	31.12.2020 *							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	429,803	36,597	9,130	**475,530**	542	1,307	4,147	**5,996**
Western European countries (excl. France)	188,997	13,681	2,861	**205,539**	228	311	999	**1,538**
Eastern European countries EU	48,635	4,923	1,144	**54,702**	110	353	681	**1,144**
Eastern Europe excluding EU	20,046	3,163	425	**23,634**	110	40	355	**505**
North America	113,578	9,606	444	**123,628**	35	125	125	**285**
Latin America and Caribbean	8,518	1,902	262	**10,682**	10	23	80	**113**
Asia-Pacific	54,112	3,097	734	**57,943**	20	19	367	**406**
Africa and Middle East	40,176	5,300	3,552	**49,028**	187	204	2,521	**2,912**
Total	**903,865**	**78,269**	**18,552**	**1,000,686**	**1,242**	**2,382**	**9,275**	**12,899**

* *The amounts have been restated, compared with the published financial statements for the year ended 31 December 2020, following the integration of Other Sundry debtors and property acquired by adjudication measured at amortised cost.*

20221168013B2

OUTSTANDING AMOUNTS SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY (1)

	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	72,780	-	-	**72,780**	-	-	-	-
2	188,780	158	-	**188,938**	1	-	-	**1**
3	91,642	413	-	**92,055**	8	3	-	**11**
4	158,226	2,527	-	**160,753**	69	8	-	**77**
5	104,082	6,833	-	**110,915**	236	103	-	**339**
6	23,132	11,503	-	**34,635**	194	421	-	**615**
7	2,279	7,070	-	**9,349**	17	395	-	**412**
Default (8, 9, 10)	-	-	9,197	**9,197**	-	-	4,442	**4,442**
Other method	406,387	26,248	8,632	**441,267**	841	1,058	4,457	**6,356**
Total	**1,047,308**	**54,752**	**17,829**	**1,119,889**	**1,366**	**1,988**	**8,899**	**12,253**

	31.12.2020 *							
	Outstanding amounts				Impairment and Provisions			
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	75,967	-	-	**75,967**	-	-	-	-
2	175,096	2,172	-	**177,268**	1	1	-	**2**
3	81,909	5,634	-	**87,543**	9	8	-	**17**
4	120,509	10,280	-	**130,789**	61	36	-	**97**
5	91,511	16,012	-	**107,523**	200	275	-	**475**
6	20,084	15,877	-	**35,961**	143	667	-	**810**
7	1,692	4,327	-	**6,019**	30	267	-	**297**
Default (8, 9, 10)	-	-	9,655	**9,655**	-	-	4,694	**4,694**
Other method	337,097	23,967	8,897	**369,961**	798	1,128	4,581	**6,507**
Total	**903,865**	**78,269**	**18,552**	**1,000,686**	**1,242**	**2,382**	**9,275**	**12,899**

* *The amounts have been restated, compared with the published financial statements for the year ended 31 December 2020, following the integration of Other Sundry debtors and property acquired by adjudication measured at amortised cost.*

(1) The indicative corresponding between the Societe Generale's internal rating scale and the scales of rating agencies is presented in chapter 4 of Universal Registration Document (table 15).

20221108013383

2. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

(In EUR m)	Amount as at 31.12.2020	Allocations	Write-backs available	Net impairment losses	Write-backs used	Currency and scope effects	Amount as at 31.12.2021
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	1	1	(1)	-		-	1
Impairment on underperforming outstandings (Stage 2)	-	1	-	1		-	1
Impairment on doubtful outstandings (Stage 3)	8	-	(2)	(2)	-	-	6
Total	**9**	**2**	**(3)**	**(1)**	**-**	**-**	**8**
Financial assets measured at amortised cost							
Impairment on performing outstandings (Stage 1)	1,078	754	(702)	52		18	1,148
Impairment on underperforming outstandings (Stage 2)	1,951	1,125	(1,423)	(298)		21	1,674
Impairment on doubtful outstandings (Stage 3)	8,933	3,614	(2,734)	880	(1,402)	124	8,535
Total	**11,962**	**5,493**	**(4,859)**	**634**	**(1,402)**	**163**	**11,357**
o/w lease financing and similar agreements	***888***	***327***	***(272)***	***55***	***(62)***	***8***	***889***
Impairment on performing outstandings (Stage 1)	*113*	*48*	*(50)*	*(2)*		*2*	*113*
Impairment on underperforming outstandings (Stage 2)	*210*	*81*	*(109)*	*(28)*		*2*	*184*
Impairment on doubtful outstandings (Stage 3)	*565*	*198*	*(113)*	*85*	*(62)*	*4*	*592*

20221108031384

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 EUR m)	Stage 1	*o/w lease financing*	Stage 2	*o/w lease financing*	Stage 3	*o/w lease financing*	**Total**
Amount as at 31.12.2020	1,078	*113*	1,951	*210*	8,933	*565*	**11,962**
Production & Acquisition [1]	398	*36*	114	*9*	139	*6*	**651**
Derecognition [2]	(157)	*(9)*	(260)	*(10)*	(1,410)	*(58)*	**(1,827)**
Transfer from stage 1 to stage 2 [3]	(58)	*(7)*	406	*38*	-	-	**348**
Transfer from stage 2 to stage 1 [3]	35	*3*	(306)	*(38)*	-	-	**(271)**
Transfer to stage 3 [3]	(9)	*(1)*	(113)	*(13)*	628	*79*	**506**
Transfer from stage 3 [3]	2	-	38	*8*	(139)	*(23)*	**(99)**
Allocations & Write-backs without stage transfer [3]	(163)	*(23)*	(176)	*(21)*	245	*18*	**(94)**
Currency effect	22	*1*	18	*1*	141	*5*	**181**
Scope effect	-	-	-	-	-	-	-
Other variations	-	-	2	-	(2)	-	-
Amount as at 31.12.2021	1,148	*113*	1,674	*184*	8,535	*592*	**11,357**

(1) The amounts of impairment presented in the line Production and Acquisition in Stage 2/Stage 3 could include originated contracts in Stage 1 reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) 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 FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2021

	Stage 1		Stage 2		Stage 3			
(In EUR m)	Outstanding amounts subject to impairment and provisions	Impairment	Outstanding amounts subject to impairment and provisions	Impairment	Outstanding amounts subject to impairment and provisions	Impairment	**Total of transferred outstanding amounts subject to impairment**	**Total impact of transfers on impairment and provisions**
Transfer from Stage 1 to Stage 2	(18,621)	(58)	14,415	406	-	-	**14,415**	**406**
Transfer from Stage 2 to Stage 1	21,705	35	(17,372)	(306)	-	-	**21,705**	**35**
Transfer from Stage 3 to Stage 1	473	2	-	-	(412)	(33)	**473**	**2**
Transfer from Stage 3 to Stage 2	-	-	649	38	(674)	(106)	**649**	**38**
Transfer from Stage 1 to Stage 1	(1,286)	(9)	-	-	1,162	282	**1,162**	**283**
Transfer from Stage 2 to Stage 3	-	-	(2,151)	(113)	1,925	346	**1,925**	**347**
Currency effect on contracts that change stage	211	1	510	7	11	2	**732**	**10**

2022116801385

3. CREDIT RISK PROVISIONS

BREAKDOWN

(In EUR m)	**Amount as at 31.12.2020**	Allocations	Write-backs available	**Net impairment losses**	**Currency and scope effects**	**Amount as at 31.12.2021**
Financing commitments						
Provisions on performing outstandings (Stage 1)	119	148	(104)	44	2	165
Provisions on underperforming outstandings (Stage 2)	279	155	(208)	(53)	5	231
Provisions on doubtful outstandings (Stage 3)	35	39	(74)	(35)	31	31
Total	**433**	**342**	**(386)**	**(44)**	**38**	**427**
Guarantee commitments						
Provisions on performing outstandings (Stage 1)	44	38	(30)	8	-	52
Provisions on underperforming outstandings (Stage 2)	152	49	(72)	(23)	(47)	82
Provisions on doubtful outstandings (Stage 3)	299	139	(89)	50	(22)	327
Total	**495**	**226**	**(191)**	**35**	**(69)**	**461**

20221108013B6

VARIATIONS OF PROVISIONS ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

	Provisions								Total
	On financing commitments				*On guarantee commitments*				
(In EUR m)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Amount as at 31.12.2020	119	279	35	**433**	44	152	299	**495**	**928**
Production & Acquisition [1]	75	16	9	**100**	16	6	14	**36**	**136**
Derecognition [2]	(34)	(47)	(9)	**(90)**	(10)	(13)	(39)	**(62)**	**(152)**
Transfer from stage 1 to stage 2 [3]	(4)	23	-	**19**	(2)	13	-	**11**	**30**
Transfer from stage 2 to stage 1 [3]	11	(66)	-	**(55)**	3	(19)	-	**(16)**	**(71)**
Transfer to stage 3 [3]	-	-	2	**2**	-	(3)	28	**25**	**27**
Transfer from stage 3 [3]	-	2	(5)	**(3)**	-	-	(3)	**(3)**	**(6)**
Allocations & Write-backs without stage transfer [3]	(5)	16	(2)	**9**	-	(55)	22	**(33)**	**(24)**
Currency effect	5	6	1	**12**	1	1	6	**8**	**20**
Scope effect	-	-	-	**-**	-	-	-	**-**	**-**
Other variations	(2)	2	-	**-**	-	-	-	**-**	**-**
Amount as at 31.12.2021	**165**	**231**	**31**	**427**	**52**	**82**	**327**	**461**	**888**

(1) The amounts of impairment presented in the line Production and Acquisition in Stage 2/Stage 3 could include originated contracts in Stage 1 reclassified in Stage 2/Stage 3 during the period.

(2) Including repayments, disposals and debt waivers.

(3) 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.

20221108013387

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR OFF-BALANCE SHEET COMMITMENTS AS AT 31 DECEMBER 2021

	Financing commitments							
	Stage 1		Stage 2		Stage 3		Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions		
Transfer from Stage 1 to Stage 2	(2,181)	(4)	1,625	23	-	-	1,625	23
Transfer from Stage 2 to Stage 1	15,448	11	(13,562)	(66)	-	-	15,448	12
Transfer from Stage 3 to Stage 1	30	-	-	-	(25)	(1)	30	-
Transfer from Stage 3 to Stage 2	-	-	45	2	(54)	(4)	45	2
Transfer from Stage 1 to Stage 1	(50)	-	-	-	46	1	46	1
Transfer from Stage 2 to Stage 3	-	-	(45)	-	21	1	21	1
Currency effect on contracts that change stage	92	-	603	3	-	-	695	3

	Guarantee commitments							
	Stage 1		Stage 2		Stage 3		Total of transferred outstanding amounts subject to impairment	Total impact of transfers on provisions
(In EUR m)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions		
Transfer from Stage 1 to Stage 2	(2,255)	(2)	638	13	-	-	638	13
Transfer from Stage 2 to Stage 1	4,092	3	(2,617)	(19)	-	-	4,092	3
Transfer from Stage 3 to Stage 1	128	-	-	-	(96)	-	128	-
Transfer from Stage 3 to Stage 2	-	-	18	-	(20)	(3)	18	-
Transfer from Stage 1 to Stage 1	(60)	-	-	-	48	12	48	12
Transfer from Stage 2 to Stage 3	-	-	(113)	(3)	100	16	100	16
Currency effect on contracts that change stage	60	-	86	1	-	-	146	1

20221108013388

4. QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variation of EUR -645 million in credit risk impairment and provisions since 31 December 2020 is mainly linked to covered losses on Stage 3 loans (EUR 1 402 million) included in the line derecognition.

On 30 December 2020, covered losses on Stage 3 loans amounted to EUR 1 676 million. This is in line with the Group strategy of non-performing loans (NPL) monitoring, by selling its portfolios of exposures in default situation.

Uncovered losses amount to EUR 193 million.

- Transfer of loans to Stage 2 due to downgraded ratings, transfer to watch list and 30 days overdue for EUR 16.7 billion. This transfer was linked to the economic environment affected by the Covid-19 crisis and resulted in an increase in impairment and provisions of EUR 378 million mainly including:
  - 62% on Corporates portfolio, including 46% on SME,
  - 37% on Retail portfolio, including 34% on VSB;
- Transfer of loans to Stage 3 due to default for EUR 3.3 billion (EUR 4.9 billion at 31 December 2020) of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 533 million mainly including:
  - 45% on Corporates portfolio, including 50 % on SME,
  - 53% on Retail portfolio, including 36 % on VSB;

  Particularly, this variation concerns:
  - EUR 1.3 billion of outstanding amounts for which the impairment and provisions amount to EUR 296 million as at 31 December 2021. These contracts were in Stage 1 as at 31 December 2020,
  - EUR 2.0 billion of outstanding amounts for which the impairment and provisions amount to EUR 364 million as at 31 December 2021. These contracts were in Stage 2 as at 31 December 2020;
- Transfer of loans from Stage 2 to Stage 1, particularly linked to the update of the list of sensitive sectors impacted by the Covid-19 crisis (notably the exclusion from this list of the automotive, sea freight transport, oil and gas, non-food retail sectors) for EUR 41.2 billion. This transfer resulted in a decrease in impairment and provisions of EUR 342 million including:
  - 67% on Corporates portfolio, including 25% on SME,
  - 33% on Retail portfolio, including 37% on VSB.

20221108011389

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.

The decrease in the cost of risk results from:

- for the outstanding loans classified in Stage 3, by the low level of default; and
- for the outstanding loans classified in Stage 1 et 2, by the impacts of the scenarios and weights (see Note 1) used to determine the expected credit losses combined with the methodological adjustments (described above), in particular by the possible time lag between the deterioration of the quality of the credit portfolios and the deterioration in activity, the first one being delayed with respect to the second one.

Furthermore, the cost of risk in 2020 included for the first time the impacts of the sanitary crisis, while the cost of risk in 2021 has been determined in keeping with the vision adopted in 2020.

(In EUR m)	2021	2020
Net allocation to impairment losses	(633)	(2,951)
On financial assets at fair value through other comprehensive income	*1*	-
On financial assets at amortised cost	*(634)*	*(2,951)*
Net allocations to provisions	9	(305)
On financing commitments	*44*	*(149)*
On guarantee commitments	*(35)*	*(156)*
Losses not covered on irrecoverable loans	(193)	(251)
Amounts recovered on irrecoverable loans	137	114
Effect from guarantee not taken into account for the calculation of impairment	(20)	87
Total	**(700)**	**(3,306)**
o/w cost of risk on performing outstandings classified in Stage 1	*(100)*	*(237)*
o/w cost of risk on underperforming outstandings classified in Stage 2	*350*	*(1,130)*
o/w cost of risk on doubtful outstandings classified in Stage 3	*(950)*	*(1,939)*

20221108013901

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.

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2021				
(In EUR m)	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**

	31.12.2020				
(In EUR m)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	53,380	53,394	-	38,373	15,021
Customer loans	448,761	450,923	-	153,933	296,990
Debt Securities	15,635	15,767	4,807	9,022	1,938
Total	**517,776**	**520,084**	**4,807**	**201,328**	**313,949**

20221108013391

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2021				
(In EUR m)	**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**

	31.12.2020				
(In EUR m)	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Due to banks	135,571	135,608	239	132,513	2,856
Customer deposits	456,059	456,119	-	446,520	9,599
Debt securities issued	138,957	138,985	20,920	117,809	256
Subordinated debt	15,432	15,435	-	15,435	-
Total	**746,019**	**746,147**	**21,159**	**712,277**	**12,711**

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.

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.

20221108013392

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.

20221108011393

NOTE 3.10 - COMMITMENTS AND ASSETS PLEDGED AND RECEIVED AS SECURITIES

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

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. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

GUARANTEE COMMITMENTS

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.

1. COMMITMENTS

COMMITMENTS GRANTED

(In EUR m)	31.12.2021	31.12.2020
Loan commitments		
To banks	60,870	45,707
To customers	200,224	194,890
Issuance facilities	*83*	*83*
Confirmed credit lines	*185,065*	*185,061*
Others	*15,076*	*9,746*
Guarantee commitments		
On behalf of banks	5,279	4,541
On behalf of customers (1)	74,433	59,297
Securities commitments		
Securities to be delivered	32,999	26,387
Acquisition of tangible assets commitments		
Purchase of vehicles and equipments subject to an operating lease	4,682	2,641

(1) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

20221108013394

COMMITMENTS RECEIVED

(In EUR m)	31.12.2021	31.12.2020
Loan commitments		
From banks	69,878	78,577
Guarantee commitments		
From banks	121,852	114,035
Other commitments (1)	161,679	139,289
Securities commitments		
Securities to be received	35,391	28,148

(1) These commitments include as at 31 December 2021 the guarantee granted by French government related to the State Guaranteed Loans (see Note 1.6).

2. FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

(In EUR m)	31.12.2021	31.12.2020
Book value of assets pledged as security for liabilities (1)	331,262	330,730
Book value of assets pledged as security for transactions in financial instruments (2)	85,822	62,308
Book value of assets pledged as security for off-balance sheet commitments	2,715	2,106
Total	**419,799**	**395,144**

(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 deposits.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EUR m)	31.12.2021	31.12.2020
Fair value of securities purchased under resale agreements *	**100,327**	**139,077**

** Amounts restated compared to the financial statements published for 2020 to take account of the repurchase agreements delivered measured at amortised cost.*

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.

20221108013955

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.

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31.12.2021		31.12.2020	
(In EUR m)	**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	18,705	15,304	23,375	18,827
Securities at fair value through other comprehensive income	11,251	9,062	12,410	9,913
Total	**29,956**	**24,366**	**35,785**	**28,740**

20221108013396

SECURITIES LENDING

(In EUR m)	31.12.2021 Carrying amount of transferred assets	31.12.2021 Carrying amount of associated liabilities	31.12.2020 Carrying amount of transferred assets	31.12.2020 Carrying amount of associated liabilities
Securities at fair value through profit or loss	14,373	-	11,067	-
Securities at fair value through other comprehensive income	241	-	170	-
Securities at amortised cost	8	-	-	-
Total	**14,622**	**-**	**11,237**	**-**

SECURITISATION ASSETS FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

(In EUR m)	31.12.2021	31.12.2020
Customers loans		
Carrying amount of transferred assets	5,461	3,658
Carrying amount of associated liabilities	4,977	3,248
Fair value of transferred assets (A)	5,628	3,724
Fair value of associated liabilities (B)	4,991	3,263
Net position (A)-(B)	**637**	**461**

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.

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2021, 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.

20221108013397

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.

20221108011398

1. AT 31 DECEMBER 2021

ASSETS

(In EUR m)	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 pledged as collateral	Net amount
				Impact of offsetting on the balance sheet		*Impact of Master Netting Agreements (MNA) and similar agreements* [1]		
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 EUR m)	Amount of liabilities not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	Net amount
				Impact of offsetting on the balance sheet		*Impact of Master Netting Agreements (MNA) and similar agreements* [1]		
Derivative financial instruments (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.

20221108013399

2. AT 31 DECEMBER 2020

ASSETS

(In EUR m)	Amount of assets not subject to offsetting	Gross amount	Impact of offsetting on the balance sheet: Amount offset	Impact of offsetting on the balance sheet: Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Financial instruments recognised in the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Cash collateral pledged	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Financial instruments pledged as collateral	Net amount
Derivative financial instruments (see Notes 3.1 and 3.2) *	26,495	277,956	(149,790)	154,661	(103,294)	(18,599)	-	32,768
Securities lent *	7,333	3,909	-	11,242	(1,677)	(2)	(91)	9,472
Securities purchased under resale agreements (see Notes 3.1 and 3.5) *	47,044	172,751	(80,718)	139,077	(9,170)	(183)	(49,288)	80,436
Guarantee deposits pledged (see Note 4.4)	36,530	15,366	-	51,896	-	(15,366)	-	36,530
Other assets not subject to offsetting *	1,087,528	-	-	1,087,528	-	-	-	1,087,528
Total *	**1,204,930**	**469,982**	**(230,508)**	**1,444,404**	**(114,141)**	**(34,150)**	**(49,379)**	**1,246,734**

LIABILITIES

(In EUR m)	Amount of assets not subject to offsetting	Gross amount	Impact of offsetting on the balance sheet: Amount offset	Impact of offsetting on the balance sheet: Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Financial instruments recognised in the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Cash collateral received	Impact of Master Netting Agreements (MNA) and similar agreements * (1): Financial instruments received as collateral	Net amount
Derivative financial instrument (see Notes 3.1 and 3.2) *	27,401	276,484	(149,790)	154,095	(103,294)	(15,366)	-	35,435
Amount payable on borrowed securities (see Note 3.1)	23,038	9,127	-	32,165	(1,677)	-	-	30,488
Securities sold under repurchase agreements (see Notes 3.1 and 3.6) *	53,689	156,297	(80,718)	129,268	(9,170)	-	(44,210)	75,888
Guarantee deposits received (see Note 4.4)	36,955	18,784	-	55,739	-	(18,784)	-	36,955
Other liabilities not subject to offsetting *	1,006,125	-	-	1,006,125	-	-	-	1,006,125
Total *	**1,147,208**	**460,962**	**(230,508)**	**1,377,992**	**(114,141)**	**(34,150)**	**(44,210)**	**1,184,891**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1 paragraph 7).*

(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.

20221108014G0

NOTE 3.13 - CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

(In EUR m)	Up to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years	31.12.2021
Due to central banks	5,152	-	-	-	5,152
Financial liabilities at fair value through profit or loss	209,039	27,078	35,872	35,574	307,563
Due to banks	57,174	4,185	76,106	1,712	139,177
Customer deposits	470,890	15,244	16,568	6,431	509,133
Debt securities issued	89,671	12,164	19,040	14,449	135,324
Subordinated debts	7,735	61	3,649	4,514	15,959
Other liabilities	98,035	2,241	3,023	3,006	106,305
Total liabilities	**937,696**	**60,973**	**154,258**	**65,686**	**1,218,613**
Loan commitments granted and others (1)	102,088	35,967	101,775	25,945	265,775
Guarantee commitments granted	34,361	18,147	11,026	16,178	79,712
Total commitments granted	**136,449**	**54,114**	**112,801**	**42,123**	**345,487**

(1) This line includes commitments relating to the purchase of vehicles and underlying equipments 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 3 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 3 months).

20221108014O1

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 whether they are paid in kind or in cash, 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.

2022116801402

(In EUR m)	2021 Income	2021 Expense	2021 Net	2020 Income	2020 Expense	2020 Net
Transactions with banks	**161**	**(107)**	**54**	**159**	**(108)**	**51**
Transactions with customers	**3,028**		**3,028**	**2,820**		**2,820**
Financial instruments operations	**2,288**	**(2,379)**	**(91)**	**2,208**	**(2,215)**	**(7)**
Securities transactions	532	(1,105)	(573)	503	(1,042)	(539)
Primary market transactions	213		213	203		203
Foreign exchange transactions and derivatives instruments	1,543	(1,274)	269	1,502	(1,173)	329
Loan and guarantee commitments	**894**	**(261)**	**633**	**795**	**(271)**	**524**
Various services	**2,791**	**(1,095)**	**1,696**	**2,547**	**(1,018)**	**1,529**
Asset management fees	659		659	613		613
Means of payment fees	921		921	795		795
Insurance product fees	256		256	260		260
Underwriting fees of UCITS	93		93	77		77
Other fees	862	(1,095)	(233)	802	(1,018)	(216)
Total	**9,162**	**(3,842)**	**5,320**	**8,529**	**(3,612)**	**4,917**

2022110801403

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.

	2021			2020		
(In EUR m)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	79	-	79	65	(1)	64
Real estate leasing	40	(56)	(16)	37	(23)	14
Equipment leasing [1]	11,630	(9,532)	2,098	10,933	(9,248)	1,685
Other activities	488	(850)	(362)	436	(451)	(15)
Total	**12,237**	**(10,438)**	**1,799**	**11,471**	**(9,723)**	**1,748**

(1) The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and car fleet management businesses. Most of the Group's long-term lease agreements are 36-month to 48-month leases.

20221108011404

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.

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.

20221108014G5

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.

20221108014495

BREAKDOWN

(In EUR m)	31.12.2021	31.12.2020
Underwriting reserves of insurance companies	151,148	142,106
Financial liabilities of insurance companies	4,140	4,020
Financial liabilities at fair value through profit or loss	*520*	*583*
Financial liabilities at fair value through profit or loss (fair value option)	*3,620*	*3,437*
Total	**155,288**	**146,126**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In EUR m)	31.12.2021	31.12.2020
Life insurance underwriting reserves for unit-linked policies	44,138	35,794
Other life insurance underwriting reserves	94,280	92,620
Non-life insurance underwriting reserves	2,020	1,834
Deferred profit-sharing booked in liabilities	10,710	11,858
Total	**151,148**	**142,106**
Attributable to reinsurers	(776)	(749)
Underwriting reserves of insurance net of the share attributable to reinsurers	**150,372**	**141,357**

STATEMENT OF CHANGES IN UNDERWRITING RESERVES EXCLUDING DEFERRED PROFIT SHARING

(In EUR m)	Life insurance underwriting reserves for unit-linked policies	Other life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2021	**35,794**	**92,620**	**1,834**
Allocation to insurance reserves	2,343	1,073	193
Revaluation of unit-linked policies	3,923	-	-
Charges deducted from unit-linked policies	(267)	-	-
Transfers and allocation adjustments	668	(668)	-
New customers	1,372	849	-
Profit-sharing	270	1,046	-
Others	35	(640)	(7)
Reserves at 31 December 2021	**44,138**	**94,280**	**2,020**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2021. 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 2021 does not show any insufficiency of technical liabilities.

2022110801407

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

(In EUR m)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2021
Underwriting reserves of insurance companies	**14,952**	**9,963**	**39,726**	**86,507**	**151,148**

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.

2022116801408

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.

20223108014409

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 EUR m)	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss (trading portfolio)	211	291
Shares and other equity instruments	*36*	*51*
Trading derivatives	*175*	*240*
Financial assets at fair value through profit or loss (fair value option)	84,448	70,422
Bonds and other debt instruments	*34,280*	*32,178*
Shares and other equity instruments	*49,592*	*37,942*
Loans, receivables and repo transactions	*576*	*302*
Hedging derivatives	353	438
Available-for-sale financial assets	88,486	89,755
Debt instruments	*74,084*	*75,662*
Equity instruments	*14,402*	*14,093*
Due from banks (2)	4,771	5,301
Customer loans	69	76
Held-to-maturity financial assets	22	32
Real estate investments	538	539
Total investments of insurance activities (1) (2)	**178,898**	**166,854**

(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 1,207 million of current accounts as at 31 December 2021 vs. EUR 897 million as at 31 December 2020.

20221108014I0

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 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.

	31.12.2021					
	Carrying amount			Fair value		
(In EUR m)	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**

	31.12.2020					
	Carrying amount			Fair value		
(In EUR m)	Basic instruments	Other instruments	**Total**	Basic instruments	Other instruments	**Total**
Financial assets at fair value through profit or loss	-	70,713	70,713	-	70,713	70,713
Hedging derivatives	-	438	438	-	438	438
Available-for-sale financial assets	72,253	17,502	89,755	72,253	17,502	89,755
Due from banks	2,398	2,903	5,301	2,602	2,997	5,599
Customer loans	76	-	76	76	-	76
Held-to-maturity financial assets	32	-	32	32	-	32
Total financial investments	**74,759**	**91,556**	**166,315**	**74,963**	**91,650**	**166,613**

20221108014111

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	31.12.2021			
(In EUR m)	**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**

	31.12.2020			
(In EUR m)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss using fair value option	51	237	3	291
Financial assets at fair value through profit or loss using the fair value option	60,997	9,064	361	70,422
Hedging derivatives	-	438	-	438
Available-for-sale financial assets	80,693	4,934	4,128	89,755
Total	**141,741**	**14,673**	**4,492**	**160,906**

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

(In EUR m)	**2021**
Balance as at 1 January	**89,755**
Acquisitions	10,254
Disposals / redemptions	(9,609)
Transfers to held-to-maturity financial assets	-
Change in scope and others	(399)
Gains and losses on changes in fair value recognised directly in equity during the period	(1,646)
Net changes in impairment of debt instruments recorded in profit or loss	2
Impairment on equity instruments recognised in profit or loss	(23)
Translation differences	152
Balance as at 31 December	**88,486**

2022110801412

UNREALISED GAINS AND LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME

(In EUR m)	31.12.2021		
	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)*

(In EUR m)	31.12.2020		
	Capital gains	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**665**	**(22)**	**643**
On available-for-sale equity instruments	*1,968*	*(97)*	*1,871*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*8,505*	*(163)*	*8,342*
Deferred profit-sharing	*(9,808)*	*238*	*(9,570)*

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EUR m)	31.12.2021	31.12.2020
Fair value of securities purchased under resale agreements	**4**	**6**

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.

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.

20221108011413

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 EUR m)	2021	2020
Net premiums	15,692	10,970
Net income from investments	3,540	2,808
Cost of benefits (including changes in reserves) (1)	(16,984)	(11,377)
Other net technical income (expense)	(10)	(277)
Net income from insurance activities	**2,238**	**2,124**
Funding costs	(5)	(7)
Cost of risk	-	-
o/w impairment of debt instruments	*2*	*(2)*
o/w which deferred profit sharing	*(2)*	*2*

(1) o/w EUR -2,966 million in respect of deferred profit-sharing at 31 December 2021 (vs. EUR -2,592 million at 31 December 2020).

NET INCOME FROM INVESTMENTS

(In EUR m)	2021	2020
Dividend income on equity instruments	878	671
Interest income	1,664	1,790
On available-for-sale financial assets	*1,472*	*1,566*
On loans and receivables	*161*	*179*
Other net interest income	*31*	*45*
Net gains or losses on financial instruments at fair value through profit or loss	848	308
Net gains or losses on available-for-sale financial instruments	145	14
Capital gain or loss on sale of debt instruments	*25*	*34*
Capital gain or loss on sale of equity instruments	*142*	*257*
Impairement values on equity instruments	*(22)*	*(277)*
Net gains or losses on real estate investments	5	25
Total net income from investments	**3,540**	**2,808**

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, the risk of withdrawls is also significant.

2022110801414

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.

20221108014115

BREAKDOWN OF NET INVESTMENTS BY RATING OF BASIC INSTRUMENTS

The following table shows the gross carrying amounts after eliminating intercompany transactions.

	31.12.2021				
(In EUR m)	Available-for-sale financial assets	Due from banks	Customer loans	Held-to-maturity financial assets	Total
AAA	3,347	207	-	-	3,554
AA+ / AA / AA-	36,087	753	-	-	36,840
A+ / A / A-	16,027	537	-	-	16,564
BBB+ / BBB / BBB-	14,757	174	-	22	14,953
BB+ / BB / BB-	1,057	-	-	-	1,057
B+ / B / B-	20	-	-	-	20
CCC+ / CCC / CCC-	-	-	-	-	-
CC+ / CC / CC-	-	-	-	-	-
Lower than CC-	-	-	-	-	-
Without rating	242	888	69	-	1,199
Total before impairment	**71,537**	**2,559**	**69**	**22**	**74,187**
Impairment	-	-	-	-	-
Carrying amount	**71,537**	**2,559**	**69**	**22**	**74,187**

The rating scale is the one used for meeting the requirements imposed by 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.

20221108014l6

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In EUR m)	31.12.2021	31.12.2020
Guarantee deposits paid [1]	77,584	51,896
Settlement accounts on securities transactions	4,265	3,876
Prepaid expenses	1,120	1,019
Miscellaneous receivables [2]	8,473	9,193
Miscellaneous receivables - insurance	1,874	1,752
Gross amount	**93,316**	**67,736**
Impairments	(418)	(395)
Credit risk on operating lease receivables	*(181)*	*(187)*
Credit risk on assets acquired by adjudication and on sundry debtors	*(103)*	*(101)*
Other risks	*(134)*	*(107)*
Net amount	**92,898**	**67,341**

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken 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 952 million as of 31 December 2021.

2. OTHER LIABILITIES

(In EUR m)	31.12.2021	31.12.2020
Guarantee deposits received [1]	72,668	55,739
Settlement accounts on securities transactions	5,343	4,166
Expenses payable on employee benefits	2,754	2,022
Lease liability	2,318	2,207
Deferred income	1,688	1,527
Miscellaneous payables [2]	12,623	12,690
Miscellaneous payables - insurance	8,911	6,586
Total	**106,305**	**84,937**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken 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.

20221108014417

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).

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.

1. PERSONNEL EXPENSES

(In EUR m)	2021	2020
Employee compensation	(6,785)	(6,715)
Social security charges and payroll taxes	(1,734)	(1,594)
Net pension expenses - defined contribution plans	(764)	(728)
Net pension expenses - defined benefit plans	(136)	(76)
Employee profit-sharing and incentives	(345)	(176)
Total	**(9,764)**	**(9,289)**
Including net expenses from share - based payments	*(197)*	*(150)*

20221108011418

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 EUR m)	2021	2020
Short-term benefits	9.9	14.0
Post-employment benefits	0.4	0.6
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.8	2.5
Total	**13.1**	**17.1**

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 at 31 December 2021 for a total amount of 1.2 million of euros. 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 at 31 December 2021 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Ms Lebot and Mr. Aymerich, the two staff-elected Directors and the director representing employee shareholders) is 8.4 million of euros.

20221108014 19

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 bare 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 and they cannot be subsequently reclassified as income.

In the Group consolidated financial statements, these items that cannot be subsequently reclassified as income are displayed separately in the Statement of net income and unrealised or deferred gains and

2022110801420

losses, but are transferred immediately to retained earnings in the Statement of changes in shareholder's equity so that they are presented directly under Retained earnings on the liabilities side of the balance sheet.

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 EUR m)	Provisions as at 31.12.2020	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31.12.2021
Post-employment benefits *	**1,718**	131	(32)	**99**	**(65)**	**(38)**	**(3)**	**1,711**
Other long-term benefits	**442**	76	(58)	**18**	**(38)**	**-**	**(0)**	**422**
Termination benefits	**378**	65	(116)	**(51)**	**(161)**	**-**	**2**	**168**
Total *	**2,538**	272	(206)	**66**	**(264)**	**(38)**	**(1)**	**2,301**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

1. POST-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.

20221108014421

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, in the 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. 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.

20221108014422

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2021			
(In EUR m)	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 (1) of the balance sheet	**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.

	31.12.2020			
(In EUR m)	France	United Kingdom	Others	**Total**
A - Present value of defined benefit obligations *	1,227	949	1,143	**3,319**
B - Fair value of plan assets	76	999	580	**1,655**
C - Fair value of separate assets	1,147	-	3	**1,150**
D - Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	**4**	**(50)**	**560**	**514**
On the liabilities side of the balance sheet *	**1,151**	**-**	**567**	**1,718**
On the assets side (1) of the balance sheet	**1,147**	**50**	**6**	**1,204**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) o/w EUR 1,150 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 53 million linked to surplus assets under Other assets.

COMPONENTS OF THE COST OF DEFINED BENEFITS

(In EUR m)	**2021**	**2020**
Current service cost including social security contributions	132	81
Employee contributions	(5)	(5)
Past service cost/curtailments	2	(12)
Transfer via the expense	0	-
Net interest	2	4
A - Components recognised in income statement	**131**	**68**
Actuarial gains and losses on assets	(159)	(206)
Actuarial gains and losses due to changes in demographic assumptions	(11)	(15)
Actuarial gains and losses due to changes in economic and financial assumptions	(46)	259
Actuarial gains and losses due to experience	(20)	17
Change in asset ceiling	0	-
B - Components recognised in unrealised or deferred gains and losses	**(236)**	**55**
C = A + B Total components of the cost of defined benefits	**(105)**	**123**

20221106801423

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(In EUR m)	2021	2020
Balance at 1 January *	**3,319**	**3,179**
Current service cost including social security contributions	132	81
Past service cost/curtailments	2	(12)
Settlements	0	-
Net interest	28	42
Actuarial gains and losses due to changes in demographic assumptions	(11)	(15)
Actuarial gains and losses due to changes in economic and financial assumptions	(45)	259
Actuarial gains and losses due to experience	(20)	17
Foreign exchange adjustment	102	(82)
Benefit payments	(156)	(157)
Change in consolidation scope	(0)	1
Transfers and others	(15)	7
Balance at 31 December *	**3,336**	**3,319**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

	Plan assets		Separate assets	
(In EUR m)	2021	2020	2021	2020
Balance at 1 January	**1,655**	**1,723**	**1,150**	**963**
Interest expenses on assets	22	29	4	8
Actuarial gains and losses on assets	(24)	134	183	72
Foreign exchange adjustment	103	(80)	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	16	32	-	-
Benefit payments	(78)	(81)	(4)	-
Change in consolidation scope	-	-	-	-
Transfers and others	-	(107)	(2)	107
Change in asset ceiling	-	-	-	-
Balance at 31 December	**1,699**	**1,655**	**1,331**	**1,150**

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 91% 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: 73% bonds, 13% equities and 14% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 347 million.

Employer contributions to be paid to post-employment defined benefit plans for 2022 are estimated at EUR 12 million.

20221108801424

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 EUR m)	2021	2020
Plan assets	(2)	164
Separate assets	191	80

MAIN ACTUARIAL ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2021	31.12.2020
Discount rate		
France	0.85%	0.36%
United-Kingdom	1.81%	1.24%
Others	1.55%	0.99%
Long-term inflation		
France	2.07%	1.22%
United-Kingdom	3.47%	3.01%
Others	1.79%	1.20%
Future salary increase		
France	1.44%	1.47%
United-Kingdom	N/A	N/A
Others	1.35%	1.23%
Average remaining working lifetime of employees (in years)		
France	8.37	8.45
United-Kingdom	4.09	4.17
Others	9.12	9.42
Duration (in years)		
France	13.90	13.94
United-Kingdom	16.21	16.84
Others	14.55	15.4

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.

20221108081425

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefits.

SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO THE CHANGES IN MAIN ACTUARIAL ASSUMPTION

(Percentage of item measured)	31.12.2021	31.12.2020
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-7%	-7%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	4%	5%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	2%	1%

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations.

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

(In EUR m)	2021	2020
N+1	157	169
N+2	147	140
N+3	154	150
N+4	165	156
N+5	166	164
N+6 to N+10	816	798

20221108011426

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.

20221108014427

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.

1. BREAKDOWN OF THE TAX EXPENSE

(In EUR m)	2021	2020
Current taxes	(1,272)	(708)
Deferred taxes	(425)	(496)
Total	**(1,697)**	**(1,204)**

RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE

	2021		2020	
(In EUR m)	%	EUR m	%	EUR m
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**8,143**		**2,081**
Group effective tax rate	**20.84%**		**57.87%**	
Permanent differences	0.75%	61	1.70%	35
Differential on securities with tax exemption or taxed at reduced rate	1.28%	104	-1.49%	(31)
Tax rate differential on profits taxed outside France	3.13%	255	13.21%	275
Changes in the measurement of deferred tax assets / liabilities [1]	2.41%	196	-39.27%	(817)
Normal tax rate applicable to French companies (including 3.3% national contribution)	28.41%		32.02%	

(1) 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 will be 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%.

For the fiscal year running from 1 January 2021 to 31 December 2021 for liable companies with a turnover equal to or greater than EUR 250 million, the ordinary tax rate is 27.5%, plus the existing national contribution (CSB) of 3.3%.

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 taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

20221108014 28

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In EUR m)	31.12.2021	31.12.2020
Current tax assets	982	895
Deferred tax assets *	3,830	4,100
o/w deferred tax assets on tax loss carry-forwards	*1,719*	*1,840*
*o/w deferred tax assets on temporary differences *	*2,111*	*2,260*
Total *	**4,812**	**4,995**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

TAX LIABILITIES

(In EUR m)	31.12.2021	31.12.2020
Current tax liabilities	760	440
Provisions for tax adjustments	76	90
Deferred tax liabilities *	741	697
Total	**1,577**	**1,227**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

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 four years (from 2022 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.

20221108011429

3. DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRY-FORWARDS AND DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 December 2021, 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 EUR m)	31.12.2021	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	1,719	-	-
o/w French tax group (1)	*1,413*	*Unlimited (2)*	*8 years*
o/w US tax group	*222*	*20 years (3)*	*7 years*
Others	*84*	-	-

(1) In 2020, the amount of deferred tax assets of French tax group amounted to EUR 1,505 million. This variation is explained, on the one hand, by the use of tax loss carry forwards on 2021 taxable result, on the other hand, by the reduction in the amount of unrecognised tax losses.

(2) 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.

(3) 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 EUR m)	31.12.2021	31.12.2020
French tax group	520	650
US tax group	291	305
SG Singapore	82	70
SG de Banques en Guinée Equatoriale (1)	40	40
SG Kleinwort Hambros Limited	33	20

(1) Including EUR 9 million of tax carry forward and EUR 31 million of temporary differences as at 31 December 2021.

As at 31 December 2021, the updated projections in France have improved owing to the rebound in the economy following the successive ending of the lockdowns and the shortening of the deficit absorption timeline. Consequently, the unrecognised portion of deferred tax assets on the France tax group has been reduced by EUR 130 million.

At the same time, United States of America differed tax assets have reduced of EUR 14 million due to the activation of EUR 37 million of non-recognised differed taxes and to a foreign exchange effect of EUR -23 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'Etat*) 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).

2022110801430

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).

1. ORDINARY SHARES AND CAPITAL RESERVES

(In EUR m)	31.12.2021	31.12.2020
Issued capital	1,067	1,067
Issuing premiums and capital reserves	21,513	21,465
Elimination of treasury stock	(667)	(199)
Total	**21,913**	**22,333**

20221108014311

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	31.12.2021	31.12.2020
Ordinary shares	853,371,494	853,371,494
Including treasury stock with voting rights [1]	*22,209,068*	*4,512,000*
Including shares held by employees	*67,299,221*	*69,033,084*

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

As at 31 December 2021, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,066,714,367.50 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

2. TREASURY STOCK

As at 31 December 2021, the Group held 22,253,761 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 2.6% 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 667 million, including EUR 40 million in shares held for trading activities.

The change in treasury stock over 2021 breaks down as follows:

(In EUR m)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	-	34	(502)	**(468)**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	4	(40)	**(36)**

As at 31 December 2021, 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.

3. SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes issued by Societe Generale S.A. with some discretionary features governing the payment of interest, are classified as equity.

2022110801432

In 2021, all perpetual subordinated notes issued by Societe General S.A. were redeemed.

Issuance Date	Amount in local currency at 31.12.2020	Repurchases and redemptions in 2021	Amount in local currency at 31.12.2021	Amount in millions of euros at historical rate	Remuneration
1 July 1985	EUR 62 M	EUR 62 M		-	BAR (Bond Average Rate) of -0.25% for the period from 1 June to 31 May before each due date
24 November 1986	USD 248 M	USD 248 M		-	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%

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 2021, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 7,534 million, valued at historical rate.

The change in the amount of perpetual deeply subordinated notes issued by the Group is explained by one issuance and two redemptions at pair made over the year.

Issuance Date	Amount in local currency at 31.12.2020	Repurchases and redemptions in 2021	Amount in local currency at 31.12.2021	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%
7 April 2014	EUR 1,000 M	EUR 1,000 M		-	6.75%, from 7 April 2021, EUR 5-year Mid Swap Rate +5.538%
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%
13 September 2016	USD 1,500 M	USD 1,500 M		-	7.375% from 13 September 2021, USD 5-year Mid Swap rate +6.238%
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	818	4.75% from 26 May 2026, USD 5-year Mid Swap rate +3.931%

20221108801433

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 2021, 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)	800 EUR M	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:

	2021			2020		
(In EUR m)	Deeply subordinated notes	Perpetual subordinated notes	Total	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under reserves	(623)	-	**(623)**	(618)	(3)	**(621)**
Changes in nominal values	(1,517)	(244)	**(1,761)**	162	-	**162**
Tax savings on remuneration payable to shareholders and recorded under profit or loss	177	9	**186**	198	12	**210**
Issuance fees relating to subordinated notes	(4)	-	**(4)**	(7)	-	**(7)**

4. EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity Group share for EUR -41 million mainly relate to the financial liabilities with respect to the put options sold to minority shareholders.

20221108014434

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.

1. EARNINGS PER SHARE

(In EUR m)	2021	2020
Net income, Group share	5,641	(258)
Attributable remuneration to subordinated and deeply subordinated notes	(586)	(604)
Issuance fees related and deeply subordinated notes	(4)	(7)
Net income attributable to ordinary shareholders	**5,051**	**(869)**
Weighted average number of ordinary shares outstanding [1]	846,261,490	850,384,674
Earnings per ordinary share (in euros)	***5.97***	***(1.02)***
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	846,261,490	850,384,674
Diluted earnings per ordinary share (in euros)	**5.97**	**(1.02)**

(1) Excluding treasury shares.

2. DIVIDENDS PAID

In accordance with the European Central Bank's recommendation of 27 March 2020 relative to dividends distribution policies during the Covid-19 crisis, Societe Generale did not pay dividends on its ordinary shares for the 2019 financial year.

	2021			2020		
(In EUR m)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Paid in shares	-	-	-	-	-	-
Paid in cash	(468)	(193)	(661)	-	(91)	(91)
TOTAL	**(468)**	**(193)**	**(661)**	**-**	**(91)**	**(91)**

20221108011435

NOTE 7.3 - UNREALISED OR DEFERRED GAINS AND LOSSES

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	31.12.2021				
				o/w	
(In EUR m)	**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
Sub-total 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	-
Sub-total of unrealised gains and losses without subsequent recycling in the income statement	**(90)**	**34**	**(56)**	**(61)**	**5**
Total	**(588)**	**(111)**	**(699)**	**(652)**	**(47)**

20221108O1436

(In EUR m)	Changes of the period				
				o/w	
	Gross value	**Tax**	**Net value**	**Net Group share**	**Non-controlling interests**
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	55	(16)	39	31	8
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	2	-	2	1	1
Total	**57**	**(16)**	**41**	**32**	**9**
Translation differences (1)	1,457	-	1,457	1,343	114
Revaluation of debt instruments at fair value through other comprehensive income	(318)	55	(263)	(179)	(84)
Revaluation of available-for-sale financial assets	(292)	83	(209)	(204)	(5)
Revaluation of hedging derivatives	(36)	(19)	(55)	(68)	13
Variation of unrealised gains and losses with subsequent recycling in the income statement	**811**	**119**	**930**	**892**	**38**
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)	8	(2)	6	6	-
Revaluation of equity instruments at fair value through other comprehensive income	11	(1)	10	10	-
Variation of unrealised gains and losses without subsequent recycling in the income statement	**255**	**(64)**	**191**	**186**	**5**
Total of variation	**1,066**	**55**	**1,121**	**1,078**	**43**
Total of changes	**1,123**	**39**	**1,162**	**1,110**	**52**

2022110801437

	31.12.2020				
				o/w	
(In EUR m)	**Gross value**	**Tax**	**Net value**	**Net Group share**	**Non-controlling interests**
Translation differences	(2,587)	-	(2,587)	(2,425)	(162)
Revaluation of debt instruments at fair value through other comprehensive income	452	(90)	362	288	74
Revaluation of available-for-sale financial assets	642	(187)	455	453	2
Revaluation of hedging derivatives	184	13	197	201	(4)
Sub-total of unrealised gains and losses with subsequent recycling in the income statement	**(1,309)**	**(264)**	**(1,573)**	**(1,483)**	**(90)**
Actuarial gains and losses on defined benefit plans (2)	(55)	16	(39)	(31)	(8)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss (3)	(396)	101	(295)	(294)	(1)
Revaluation of equity instruments at fair value through other comprehensive income	49	(3)	46	46	-
Sub-total of unrealised gains and losses without subsequent recycling in the income statement	**(402)**	**114**	**(288)**	**(279)**	**(9)**
Total	**(1,711)**	**(150)**	**(1,861)**	**(1,762)**	**(99)**

(1) The variation in Group's translation differences of EUR +1,343 million is mainly related to the depreciation of euro against the US dollar (EUR +1,049 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.

2022110801438

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

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.

20221108011439

2. SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2021										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EUR m)	French Retail Banking	International Retail Banking and Financial Services	Financial Services to Corporates	Insurance	Total	Global Markets and Investors Services	Financing and advisory	Asset and Wealth Management	Total	Corporate Centre [1]	Total Group Societe Generale
Net banking income	7,777	5,000	2,154	963	8,117	5,648	2,924	958	9,530	374	25,798
Operating expenses [2]	(5,635)	(2,914)	(916)	(373)	(4,203)	(4,315)	(1,746)	(802)	(6,863)	(889)	(17,590)
Gross operating income	**2,142**	**2,086**	**1,238**	**590**	**3,914**	**1,333**	**1,178**	**156**	**2,667**	**(515)**	**8,208**
Cost of risk	(104)	(429)	(75)	-	(504)	(1)	(64)	(21)	(86)	(6)	(700)
Operating Income	**2,038**	**1,657**	**1,163**	**590**	**3,410**	**1,332**	**1,114**	**135**	**2,581**	**(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]	24	18	1	(1)	18	(8)	(1)	(1)	(10)	603	635
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(114)	(114)
Earnings before Tax	**2,063**	**1,675**	**1,164**	**589**	**3,428**	**1,328**	**1,113**	**134**	**2,575**	**(31)**	**8,035**
Income tax	(575)	(405)	(270)	(165)	(840)	(281)	(158)	(30)	(469)	187	(1,697)
Consolidated Net Income	**1,488**	**1,270**	**894**	**424**	**2,588**	**1,047**	**955**	**104**	**2,106**	**156**	**6,338**
Non controlling interests	(4)	334	169	3	506	27	1	2	30	165	697
Net Income, Group Share	**1,492**	**936**	**725**	**421**	**2,082**	**1,020**	**954**	**102**	**2,076**	**(9)**	**5,641**
Segment assets	**262,512**	**135,993**	**41,362**	**181,148**	**358,503**	**505,796**	**149,202**	**37,052**	**692,050**	**151,384**	**1,464,449**
Segment liabilities [3]	**279,353**	**101,650**	**13,834**	**166,055**	**281,539**	**636,754**	**57,221**	**26,555**	**719,530**	**113,164**	**1,393,586**

20221108014440

	2020										
		International Retail Banking and Financial Services				Global Banking and Investor Solutions					
(In EUR m)	French Retail Banking	International Retail Banking and Financial Services	Financial Services to Corporates	Insurance	Total	Global Markets and Investors Services	Financing and advisory	Asset and Wealth Management	Total	Corporate Centre [1]	Total Group Societe Generale
Net banking income	7,315	4,902	1,735	887	7,524	4,164	2,546	903	7,613	(338)	22,113
Operating expenses [2]	(5,418)	(2,870)	(916)	(356)	(4,142)	(4,337)	(1,563)	(813)	(6,713)	(441)	(16,714)
Gross operating income	**1,897**	**2,032**	**819**	**531**	**3,382**	**(173)**	**983**	**90**	**900**	**(780)**	**5,399**
Cost of risk	(1,097)	(1,080)	(185)	-	(1,265)	(24)	(861)	(37)	(922)	(22)	(3,306)
Operating income	**800**	**952**	**634**	**531**	**2,117**	**(197)**	**122**	**53**	**(22)**	**(802)**	**2,093**
Net income from investments accounted for using the equity method	(1)	-	-	-	-	4	-	-	4	-	3
Net income / expense from other assets [4]	158	4	11	-	15	11	(3)	(8)	-	(185)	(12)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(684)	(684)
Eearnings before Tax	**957**	**956**	**645**	**531**	**2,132**	**(182)**	**119**	**45**	**(18)**	**(1,671)**	**1,400**
Income tax	(291)	(227)	(139)	(165)	(531)	40	69	(9)	100	(482)	(1,204)
Consolidated Net Income	**666**	**729**	**506**	**366**	**1,601**	**(142)**	**188**	**36**	**82**	**(2,153)**	**196**
Non controlling interests	-	198	96	3	297	23	-	2	25	132	454
Net Income, Group Share	**666**	**531**	**410**	**363**	**1,304**	**(165)**	**188**	**34**	**57**	**(2,285)**	**(258)**
Segment assets *	**256,205**	**123,697**	**38,932**	**169,239**	**331,868**	**549,072**	**124,114**	**34,661**	**707,847**	**148,484**	**1,444,404**
Segment liabilities * [3]	**264,208**	**90,765**	**13,351**	**154,736**	**258,852**	**666,751**	**47,161**	**21,324**	**735,236**	**119,096**	**1,377,392**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

(1) *Income and expenses, assets and liabilities not directly related to business line activities are recorded in the Corporate Centre income and balance sheet.*

(2) *These amounts include personnel expenses, other administrative expenses and depreciation, amortisation and impairment of intangible assets and property, plant and equipment. In Q4 2021, Societe Generale presented the proposed organisation of its new Retail Banking in France, which will result from the legal merger of Crédit du Nord and Societe Generale (see Note 2.2). In 2021, Corporate Centre operating expenses include EUR 194 million of expenses related to this project. These expenses mainly represent restructuring costs already incurred during the year as well as the gradual recognition of the cost of voluntary redundancy measures, the accounting treatment of which has been assimilated to that of post-employment benefits.*

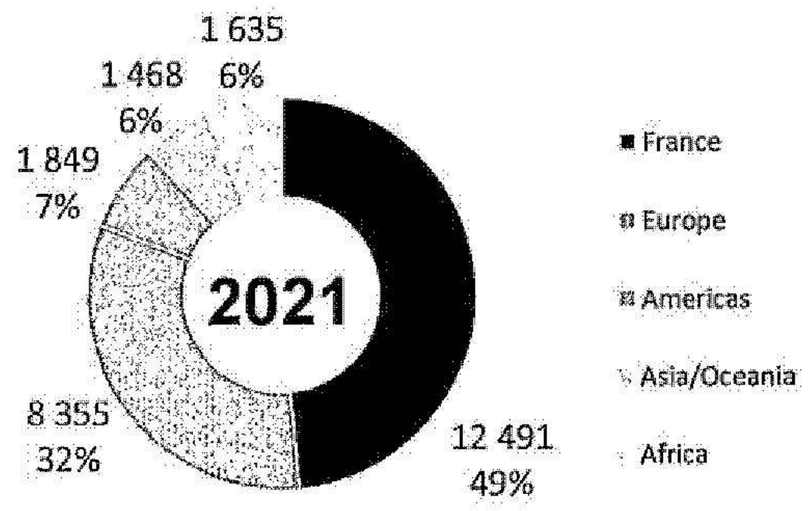
(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

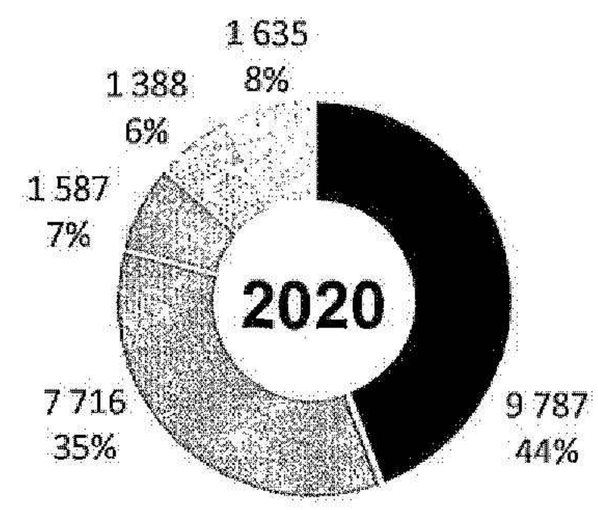
(4) *In 2021, Net income / expense from other assets is mainly composed of capital gains on the disposal of Lyxor for EUR 439 million and the Haussmann real estate capital gains of EUR 185.9 million presented in the Corporate Centre pillar.*

20221108014441

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN MILLIONS OF EUROS)

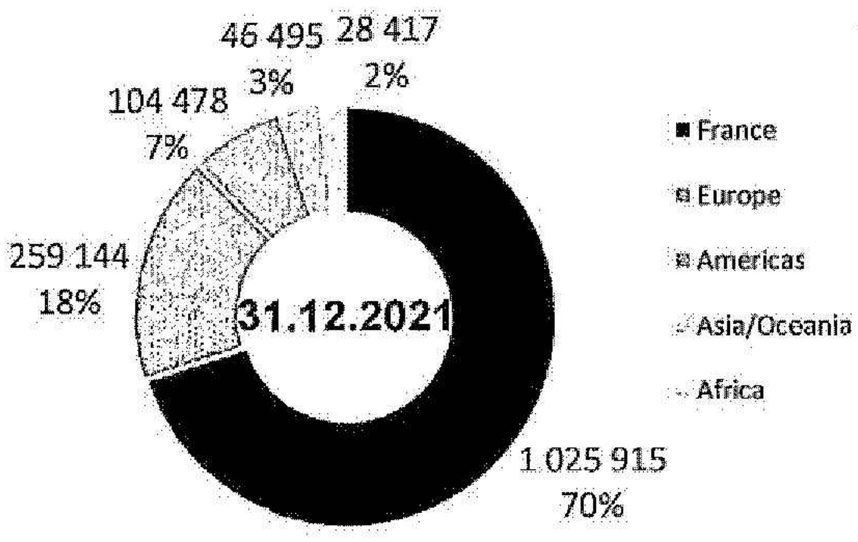


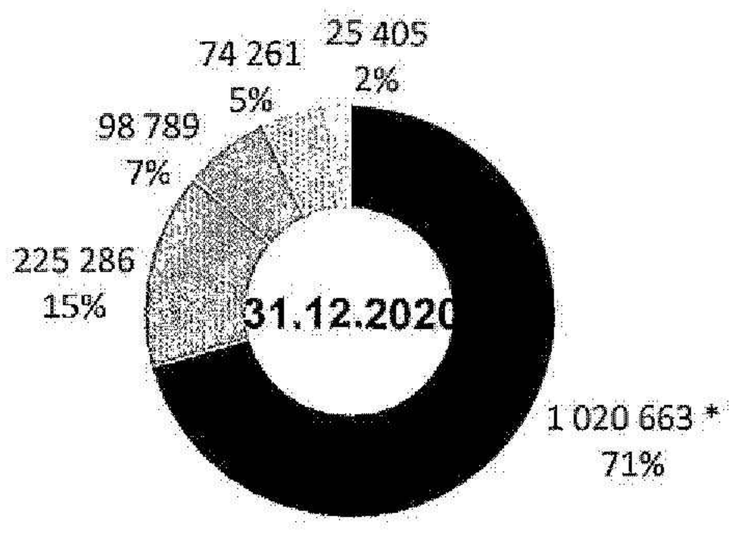


As at 31 December 2021, the amount of Net Banking Income was EUR 25,798 million compared to EUR 22,113 million at 31 December 2020.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN MILLIONS OF EUROS)

ASSETS

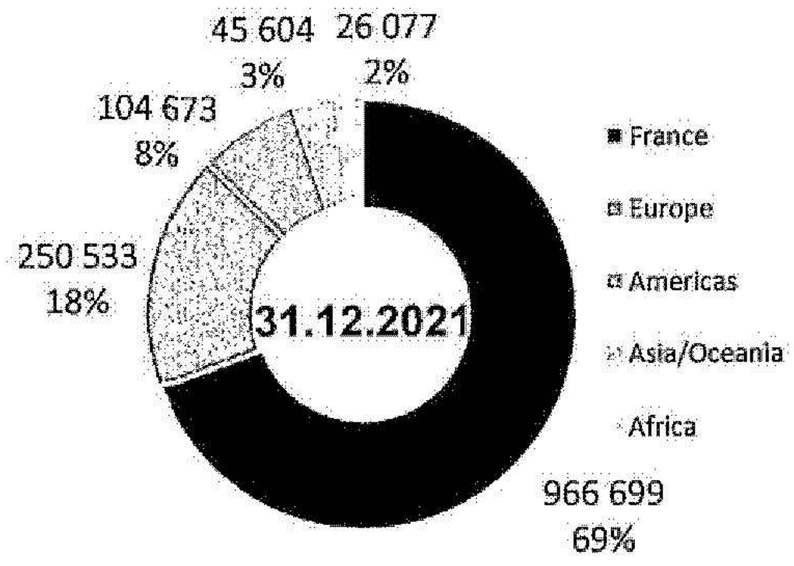


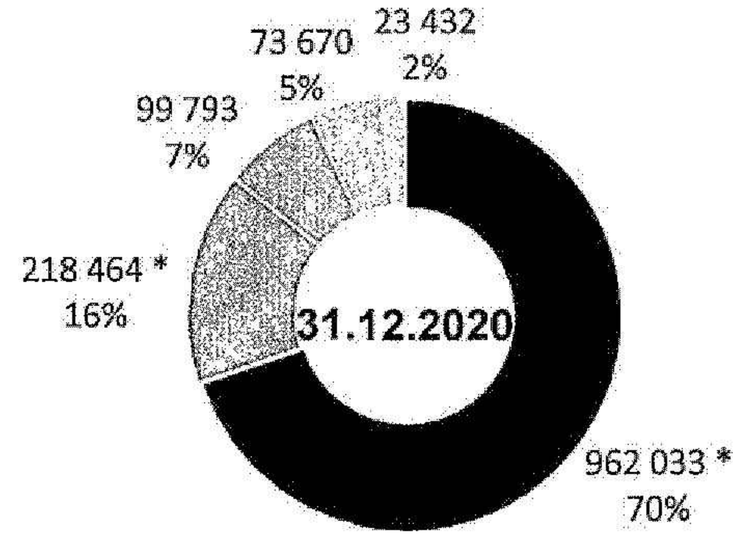


As at 31 December 2021, the amount of assets was EUR 1,464,449 million compared to EUR 1,444,404 million at 31 December 2020 *.

2022116801442

LIABILITIES





As at 31 December 2021, the amount of liabilities (except shareholder equity) was EUR 1,393,586 million compared to EUR 1,377,392 million at 31 December 2020 *.

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

20221108011443

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 at 1 January of the current financial year.

Other mainly includes building maintenance and other costs, travel and business expenses, and advertising expenses.

(In EUR m)	2021	2020
Rentals	(323)	(307)
Taxes and levies	(993)	(1,071)
Data & telecom (excluding rentals)	(2,371)	(2,087)
Consulting fees	(1,157)	(1,121)
Other	(1,337)	(1,235)
Total	**(6,181)**	**(5,821)**

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.

For the year 2021, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 586 million, of which EUR 544 million for the SRF and EUR 42 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 96 million related to the SRF, recorded as an asset in the balance sheet, among Other assets.

20221108014444

NOTE 8.3 - PROVISIONS

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, Provisions are comprised of provisions for financial instruments, disputes and employee benefits.

OVERVIEW

(In EUR m)	**Provisions as at 31.12.2020**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Currency and others**	**Provisions as at 31.12.2021**
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	**928**	568	(577)	**(9)**	**-**	**(31)**	**888**
Provisions for employee benefits (see Note 5.2) *	**2,538**	272	(206)	**66**	**(264)**	**(39)**	**2,301**
Provisions for mortgage savings plans and accounts commitments	**355**	16	(55)	**(39)**	**-**	**-**	**316**
Other provisions	**911**	572	(173)	**399**	**(42)**	**77**	**1,345**
Total *	**4,732**	**1,428**	**(1,011)**	**417**	**(306)**	**7**	**4,850**

* *Amounts restated compared to the financial statements published for 2020 (see Note 1, paragraph 7).*

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.

20221108014445

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 EUR m)	31.12.2021	31.12.2020
PEL accounts	18,789	19,227
Less than 4 years old	*714*	*734*
Between 4 and 10 years old	*10,411*	*11,511*
More than 10 years old	*7,664*	*6,982*
CEL accounts	1,513	1,404
Total	**20,302**	**20,631**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EUR m)	31.12.2021	31.12.2020
Less than 4 years old	0	-
Between 4 and 10 years old	3	7
More than 10 years old	7	9
Total	**10**	**16**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In EUR m)	31.12.2020	Allocations	Write-backs	31.12.2021
PEL accounts	352	6	(56)	302
Less than 4 years old	*2*	*0*	-	*2*
Between 4 and 10 years old	*32*	*6*	*(2)*	*36*
More than 10 years old	*318*	*0*	*(54)*	*264*
CEL accounts	3	11	(0)	14
Total	**355**	**17**	**(56)**	**316**

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2021, the provisions for PEL and CEL mortgage savings accounts were mainly linked to the risks attached to the commitment to pay interest on the deposits. Provisioning for PEL/CEL savings amounted to 1.56% of total outstandings at 31 December 2021.

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 vs. Euribor yield curve at the valuation date, averaged over a 12 month period.

20221108031445

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”.

20221108014447

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 operating lease assets and on investment property, including amortisation and depreciation, are recognised under Income from other activities and Expense from other activities (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;

20221108061448

- 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

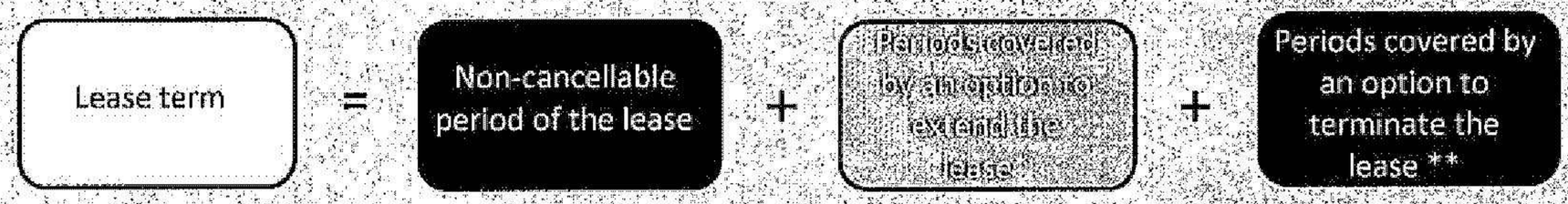
A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract 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.



* *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 9-year leases with an early-termination option at the end of 3 and 6-year term (leases referred to as "3/6/9"); at the end of the 9-year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a 5-year term. This 5-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

20221108014S0

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.

20221108014531

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EUR m)	31.12.2020	Increases / allowances	Disposals / reversals	Other movements	31.12.2021
Intangible Assets					
Gross value	7,714	930	(205)	(29)	8,410
Amortisation and impairments	(5,230)	(629)	157	25	(5,677)
Tangible Assets (w/o assets under operating leases)					
Gross value	11,333	540	(470)	60	11,463
Depreciation and impairments	(6,585)	(573)	296	3	(6,859)
Assets under operating leases					
Gross value	28,752	10,759	(7,147)	(1,284)	31,080
Depreciation and impairments	(7,940)	(3,881)	2,479	828	(8,514)
Investment Property					
Gross value	33	-	(1)	-	32
Depreciation and impairments	(21)	-	1	-	(20)
Rights-of-use					
Gross value	2,827	525	(210)	39	3,181
Amortisation and impairments	(795)	(448)	106	9	(1,128)
Total	**30,088**	**7,223**	**(4,994)**	**(349)**	**31,968**

INFORMATION RELATING TO SALE-LEASEBACK TRANSACTIONS

On 15 September 2021, the Crédit du Nord head office located 59 boulevard Haussmann in Paris (France) was subject to a sale and lease back transaction.

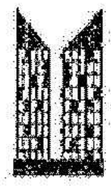
The EUR 185.9 million capital gain on the transfer has been recognised under Gains & losses on fixed assets and a right of use of EUR 17.6 million has been recognised in the balance sheet after the signing of a 36-month lease agreement.

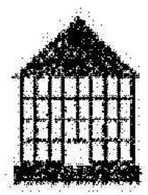
BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

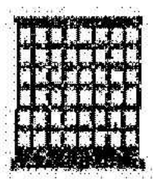
(In EUR m)	31.12.2021	31.12.2020
Payments due in less than five years	**22,371**	**23,745**
Payments due in less than one year	*8,319*	*5,366*
Payments due from one to two years	*5,905*	*5,949*
Payments due from two to three years	*5,090*	*6,971*
Payments due from three to four years	*2,437*	*4,228*
Payments due from four to five years	*620*	*1,231*
Payments due in more than five years	168	107
Total	**22,539**	**23,852**

20221108801452

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP





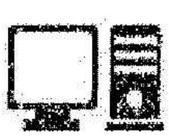


Property Leases

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 nine-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 nine-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 centers: 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.

20221108014S3

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

	31.12.2021			
(In EUR m)	**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

	31.12.2020			
(In EUR m)	**Real estate**	**IT**	**Others**	**Total**
Lease	(480)	(49)	(8)	(537)
Interest expenses on lease liabilities	(43)	(1)	(0)	(44)
Depreciation charge for right-of-use assets	(394)	(42)	(4)	(440)
Expense relating to short-term leases	(35)	-	(3)	(38)
Expense relating to leases of low-value assets	(2)	(5)	(1)	(8)
Expense relating to variable lease payments	(6)	(1)	-	(7)
Sublease income	14	-	-	14

20221108031454

NOTE 8.5 - COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

Country			Activity	Method *	Group ownership Interest		Group voting Interest	
					As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	79.81	79.81	99.99	99.99
		SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD INTERNATIONAL GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD NTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	79.82	79.82	100	100
		ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGG EWERBE GMBH	Specialist Financing	FULL	99.94	99.94	51	51
		BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
		CAR ROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	79.82	79.82	100	100
		CARPOOL GMBH	Broker	FULL	79.82	79.82	100	100
		GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	ESI	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	79.82	79.82	100	100
	(1) (4)	LYXOR INTERNATIONAL ASSET MANAGEMENT GERMANY	Financial Company	FULL	0	100	0	100
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY N°7	Financial Company	FULL	100	100	100	100

20221108014S5

	(6)	RED & BLACK AUTO GERMANY N°8	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
		SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100
	(1)	SOGCAP 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	79.82	79.82	100	100
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus								
	(6)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	79.82	0	100	0
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100	100
		BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	FULL	60.74	60.74	100	100
		PARCOURS BELGIUM	Specialist Financing	FULL	79.82	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	79.82	79.82	100	100
		ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	79.82	79.82	100	100
		BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE S/A - ARRENDAMENTO MERCANTIL (Ex- SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL)	Specialist Financing	FULL	100	100	100	100
Bulgaria								

2022110801456

	(6)	ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	79.82	0	100	0
Burkina Faso								
		SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
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								
	(2)	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	0	100	0	100
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile								
	(6)	ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	79.82	0	100	0
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								
	(6)	ALD AUTOMOTIVE S.A.S	Specialist Financing	FULL	79.82	0	100	0
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 COTE 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	79.82	79.82	100	100
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100	100
Curaçao								
		SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	100	100	100	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100	100
		NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80	80
United Arab Emirates								
	(1)	SOCIETE GENERALE DUBAI	Bank	FULL	100	100	100	100
Spain								
		ALD AUTOMOTIVE S.A.U	Specialist Financing	FULL	79.82	79.82	100	100

20221108014457

	ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	REFLEX ALQUILER FLEXIBLE DE VEHICULOS	Specialist Financing	FULL	0	79.82	0	100
	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 SA	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
Estonia							
	ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	59.87	59.87	75.01	75.01
United States of America							
	AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
(4)	LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	0	100	0	100
(4)	LYXOR ASSET MANAGEMENT INC.	Financial Company	FULL	0	100	0	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 ONSTELLATION, 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
	SGAIH, INC.	Financial Company	FULL	100	100	100	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

20221108011458

Finland							
	AXUS FINLAND OY	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET OY	Specialist Financing	FULL	63.85	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
(6)	908 REPUBLIQUE	Real Estate and Real Estate Financing	ESI	32	0	40	0
	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	79.82	79.82	79.82	79.82
(5)	ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	0	79.82	0	100
	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 SA	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
	AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	69.35	69.35	69.35	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	99.97	99.97	99.97	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

20221108031459

	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
	BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100	100
	BOURSORAMA SA	Broker	FULL	100	100	100	100
	BREMANY LEASE SAS	Specialist Financing	FULL	79.82	79.82	100	100
	CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
(2)	CARRERA	Group Real Estate Management Company	EJV	0	50	0	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
(5)	CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	0	100	0	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
	CREDIT 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
(6)	ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	FULL	40.85	0	40.85	0
	ESNI - COMPARTIMENT SG-CREDIT CLAIMS - 1	Financial Company	FULL	100	100	100	100
	ETOILE CAPITAL	Financial Company	FULL	100	100	100	100
(3)	ETOILE CLIQUET 90	Financial Company	FULL	0	73.52	0	73.52
	ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
(6)	ETOILE MULTI GESTION USA - PART P	Insurance	FULL	35.18	0	35.18	0
(3)	ETOILE VALEURS MOYENNES-C	Insurance	FULL	0	61.09	0	61.09
	F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100	100

2022110801460

	FCC ALBATROS	Portfolio Management	FULL	100	100	51	51
(3)	FEEDER LYX E ST50 D5	Portfolio Management	FULL	0	100	0	100
	FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
(3)	FEEDER LYXOR CAC 40	Financial Company	FULL	0	99.77	0	99.77
	FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100
(6)	FEEDER LYXOR CAC40 D6	Insurance	FULL	100	0	100	0
	FEEDER LYXOR EURO STOXX 50 - D9	Financial Company	FULL	99.98	99.98	99.98	99.98
	FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
(5)	FINANCIERE UC	Real Estate and Real Estate Financing	FULL	0	100	0	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	99.64	99.64	99.64	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	56.68	49.49	56.68	49.49
	GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	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

20221108011461

	JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
(5)	KOLB INVESTISSEMENT	Financial Company	FULL	0	100	0	100
	LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40	40
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
(2)	LES CEDRES BLEUS	Real Estate and Real Estate Financing	ESI	0	40	0	40
	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
(6)	LYX ACT EURO CLIMAT-D3EUR	Insurance	FULL	100	0	100	0
(6)	LYX ACT EURO CLIMAT-DEUR	Insurance	FULL	100	0	100	0
(6)	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	FULL	100	0	100	0
(4)	LYXOR ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
	LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
(4)	LYXOR INTERMEDIATION	Broker	FULL	0	100	0	100
(4)	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
	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

20221108014 62

	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
(5)	OPERA 72	Group Real Estate Management Company	FULL	0	99.99	0	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
	PACTIMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100	100
(5)	PARCOURS IMMOBILIER	Specialist Financing	FULL	0	79.82	0	100
	PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS TOURS	Specialist Financing	FULL	79.82	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
	PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
	PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
	PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60	60
(6)	RED & BLACK AUTO LEASE FRANCE 1	Financial Company	FULL	79.82	0	100	0
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
	RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100	100

20221108014463

	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 (Ex- SCI BORDEAUX-20-26 RUE DU COMMERCE)	Real Estate and Real Estate Financing	ESI	30	30	30	30
(2)	SARL CS 72 - KERIADENN	Real Estate and Real Estate Financing	ESI	0	32.5	0	32.5
	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SARL DE LA COTE D'OPALE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	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	80	80	100	100
	SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SAS BONDUES - COEUR DE BOURG	Real Estate and Real Estate	ESI	20	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

20221168014464

	SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
	SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	40	40	40	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	80	80	100	100
	SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4
	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	51	58.5	51
	SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	80	80	100	100

20221108014465

	SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SAS TOUR D2	Real Estate and Real Estate Financing	IP	50	50	50	50
(6)	SAS VILLENEUVE D'ASCQ - RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	40	0	50	0
(3)	SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	0	51	0	51
	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
	SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	0	60	0
	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
	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
(6)	SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	67	0	67	0

(3)	SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	0	35	0	35
(6)	SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	100	0	100	0
	SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	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
(6)	SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	0	60	0
(6)	SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT	Real Estate and Real Estate Financing	EJV	40	0	50	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
(6)	SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	0	25	0
	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
(3)	SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	0	35	0	35
(6)	SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	0	70	0

20221160801467

	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
(6)	SCCV LA MADELEINE - PRE CATELAN	Real Estate and Real Estate Financing	FULL	40,8	0	51	0
	SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	40	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
	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	40	40	50	50
(6)	SCCV L'IDEAL - MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV LILLE - JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4	33.4
	SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
(2)	SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	0	64	0	80
	SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	40	40	50	50

20221108014468

	SCCV MEHUL	Real Estate and Real Estate Financing	FULL	70	70	70	70
(3)	SCCV MERIGNAC 53-55 AVENUE LEON BLUM	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV MONS EQUATION	Real Estate and Real Estate Financing	FULL	40	40	50	50
	SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	80	80	80	80
(3)	SCCV NATUREO	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	0	60	0
	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
	SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	35	35	35	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 ROMAINVILLE DUMAS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	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

20221108014 69

	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	40	40	50	50
	SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	40	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
(6)	SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	0	50	0
	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
	SCCV TASSIN - 190 CDG	Real Estate and Real Estate Financing	ESI	35	35	35	35
(6)	SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	0	70	0
	SCCV VERNAISON - RAZAT	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV VERNONNET-FIESCHI	Real Estate and Real Estate Financing	FULL	51	0	51	0
	SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
(6)	SCCV VILLA VALERIANE	Real Estate and Real Estate Financing	ESI	30	0	30	0
(6)	SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25

20221108014470

	SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	40	0	50	0
	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
	SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
(3)	SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	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
(2)	SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	0	50	0	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
(3)	SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	0	68	0	85
	SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30

20221108011471

	SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20	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
	SCI LES BAIGNOTS	Real Estate and Real Estate Financing	ESI	40	40	40	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
	SCI LIEUSAINT RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI LOCMINE-LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60	60
	SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50

20221108014472

	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
(3)	SCI QUINTESSENCE-VALESCURE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	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
	SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100	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
(3)	SCI RSS INVESTIMMO COTE BASQUE	Real Estate and Real Estate Financing	ESI	0	20	0	20
	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	80	80	100	100
	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
(2)	SCI VELRI	Group Real Estate Management Company	EJV	0	50	0	50
	SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35

20221108014 73

	SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SEFIA	*Specialist* Financing	FULL	99.89	99.89	100	100
	SERVIPAR	Specialist Financing	FULL	79.82	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
(3)	SG ACTIONS EURO VALUE-C	Insurance	FULL	0	64.94	0	64.94
	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
(6)	SG ACTIONS MONDE	Insurance	FULL	67.59	0	67.59	0
	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
	SG ACTIONS US TECHNO	Insurance	FULL	85.08	85.08	85.08	85.08
	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
(3)	SG LYXOR GOVERNMENT BOND FUND	Portfolio Management	FULL	0	100	0	100
(3)	SG LYXOR LCR FUND	Portfolio Management	FULL	0	100	0	100
	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 AXA IM US CORE HY LOW CARBON	Insurance	FULL	100	0	100	0
(6)	SGA AXA IM US SD HY LOW CARBON	Insurance	FULL	100	0	100	0
(6)	SGA INFRASTRUCTURES	Insurance	FULL	100	0	100	0
	SGB FINANCE S.A.	Specialist Financing	FULL	50.94	50.94	51	51
	SGEF SA	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	86.17	86.17	89.53	89.53
(6)	SHINE	Financial Company	FULL	80.6	0	80.6	0
	SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30

20221108014474

	SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
(2)	SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	0	33.33	0	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
(2)	SOCIETE "LES PINSONS"	Real Estate and Real Estate Financing	EJV	0	50	0	50
	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	99.99	99.99	100	100
(3)	SOCIETE CIVILE IMMOBILIERE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	0	25	0	25
(3)	SOCIETE CIVILE IMMOBILIERE ERICA	Real Estate and Real Estate Financing	ESI	0	30	0	30
	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

20221108014475

	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
	SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100	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	99,91	99,91	99,91	99,91
	SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99,98	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 EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SOCIETE FINANCIERE D'ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100	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
	SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100	100	100	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

20221108014 76

		SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100
	(5)	SOCIETE IMMOBILIERE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100
	(6)	SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	35.1	0	35.1	0
		SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	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
		SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
		SOGECAP	Insurance	FULL	100	100	100	100
		SOGECAP - DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
		SOGECAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
		SOGECAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
		SOGECAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
		SOGECAPIMMO 2	Insurance	FULL	89.39	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 (Ex-SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE)	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

20221108011477

	SOGEPIERRE	Financial Company	FULL	100	100	100	100
	SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	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
	SOGEPROM COTE D'AZUR (Ex-RIVAPRIM)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	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 (Ex-SOGEPROM HABITAT)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	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	85.55	85.55	85.55	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
(2)	STRACE	Real Estate and Real Estate Financing	ESI	0	20	0	20
	TEMSYS	Specialist Financing	FULL	79.82	79.82	100	100
(6)	TREEZOR SAS	Financial Company	FULL	100	0	100	0
	URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100

20221108014 78

	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 GENERALE GHANA LIMITED	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar							
	HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
Greece							
	ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	79.82	79.82	100	100
Guinea							
	SOCIETE GENERALE GUINEE	Bank	FULL	57.94	57.94	57.94	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
(6)	SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	0	100	0
(6)	SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	0	100	0
	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
(2)	SG SECURITIES (HK) NOMINEES LTD	Broker	FULL	0	100	0	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

2022110801479

	SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
	TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
(2)	TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Company	FULL	0	100	0	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	79.82	79.82	100	100
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
(7)	LYXOR MASTER FUND	Financial Company	FULL	100	100	100	100
(2)	NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	0	100	0	100
(2)	SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	0	100	0	100
	SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
	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	50	50	50	50
	KBTIOM LIMITED	Bank	FULL	100	100	100	100
Guernsey Island							
(2)	ARAMIS II SECURITIES CO, LTD	Financial Company	FULL	0	100	0	100
	CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
(2)	GRANGE NOMINEES LIMITED	Bank	FULL	0	100	0	100
(2)	GUERNSEY FINANCIAL ADVISORY SERVICES LIMITED	Bank	FULL	0	100	0	100

2022116801480

	(2)	GUERNSEY NOMINEES LIMITED	Bank	FULL	0	100	0	100
		HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
		HTG LIMITED	Services	FULL	100	100	100	100
	(2)	K.B. (C.I.) NOMINEES LIMITED	Bank	FULL	0	100	0	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	(2)	MISON NOMINEES LIMITED	Bank	FULL	0	100	0	100
	(1)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH (Ex- SG HAMBROS BANK (CHANNEL ISLANDS) LTD GUERNSEY BRANCH)	Bank	FULL	100	100	100	100
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA (Ex-SOCIETE GENERALE GLOBAL SOLUTION CENTRE)	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland								
		ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	79.82	79.82	100	100
	(3)	IRIS II SPV DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	0	100	0	100
	(6)	IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	0	100	0
		IRIS SPV PLC SERIES SOGECAP	Financial Company	FULL	100	100	100	100
	(5)	MERRION FLEET FINANCE LIMITED	Financial Company	FULL	0	79.82	0	100
		MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	79.82	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
		SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD	Financial Company	FULL	100	100	100	100
Italy								
		ALD AUTOMOTIVE ITALIA S.R.L	Specialist Financing	FULL	79.82	79.82	100	100

2022110801481

		FIDITALIA S.P.A	Specialist Financing	FULL	100	100	100	100
		FRAER LEASING SPA	Specialist Financing	FULL	75.02	73.85	75.02	73.85
		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) (6)	SG LUXEMBOURG ITALIAN BRANCH	Specialist Financing	FULL	100	0	100	0
	(1)	SG MILAN	Bank	FULL	100	100	100	100
	(1)	SOCECAP SA 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 SA	Insurance	FULL	100	100	100	100
Japan								
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED (Ex-LYXOR ASSET MANAGEMENT JAPAN CO LTD)	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	59.86	59.86	75	75
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	59.86	59.86	75	75
Luxembourg								
		ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	FULL	79.82	79.82	100	100
		AXUS LUXEMBOURG SA	Specialist Financing	FULL	79.82	79.82	100	100
		BARTON CAPITAL SA	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
	(2)	FIDELITY FUNDS EUR HY IQ - LU0954694930	Insurance	FULL	0	49.6	0	49.6
		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
		LYXOR EURO 6M - CLASS SI	Insurance	FULL	64.37	64.37	64.37	64.37
	(4)	LYXOR FUND SOLUTIONS (Ex-LYXOR FUNDS SOLUTIONS)	Financial Company	FULL	0	100	0	100
	(6)	MOOREA GLB BALANCED	Insurance	FULL	68.08	0	68.08	0

2022110801482

	PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	RED & BLACK AUTO LEASE GERMANY 2 S.A.	Financial Company	FULL	79.82	79.82	100	100
	RED & BLACK AUTO LEASE GERMANY S.A. (Ex- RED & BLACK AUTO LEASE GERMANY S.A. N°7)	Real Estate and Real Estate Financing	FULL	79.82	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 SA	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
(6)	SGL RE	Insurance	FULL	100	0	100	0
	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 SA	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 SA	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)	SPIRE SA - COMPARTIMENT 2021-51	Insurance	FULL	100	0	100	0
	SURYA INVESTMENTS S.A.	Specialist Financing	FULL	100	100	100	100
Madagascar							
	BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70	70	70	70
Malta							
	LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	100	100	100	100
	LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	100	100	100	100
Morocco							
	ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	36.75	36.58	50	50
	ATHENA COURTAGE	Insurance	FULL	58.23	58.2	99.9	99.9
	FONCIMMO	Group Real Estate Management Company	FULL	57.65	57.62	100	100

20221108011483

	LA MAROCAINE VIE	Insurance	FULL	79.77	79.21	99.98	99.98
	SG MAROCAINE DE BANQUES	Bank	FULL	57.65	57.62	57.65	57.62
	SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	FULL	31.57	30.95	53.72	53.72
	SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.65	57.62	100	100
	SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.62	57.59	99.94	99.94
	SOGECAPITAL GESTION	Financial Company	FULL	58.73	57.59	99.94	99.94
	SOGECAPITAL PLACEMENT	Portfolio Management	FULL	58.73	57.59	99.94	99.94
(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.65	57.62	100	100
Mauritius							
	SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mexico							
	ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	79.82	79.82	100	100
	ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	79.82	79.82	100	100
	SGFP MEXICO, S.A. DE C.V.	Financial Company	FULL	100	100	100	100
Monaco							
(1) (2)	CREDIT DU NORD - MONACO	Bank	FULL	0	100	0	100
(1) (2)	SMC MONACO	Bank	FULL	0	100	0	100
	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	79.82	79.82	100	100
	NF FLEET AS	Specialist Financing	FULL	63.85	63.85	80	80
New Caledonia							
	CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
	SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.1	90.1	90.1	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	79.82	79.82	100	100
	AXUS NEDERLAND BV	Specialist Financing	FULL	79.82	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
(2)	COPARER HOLDING	Group Real Estate Management Company	FULL	0	100	0	100
	HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100

2022110801464

	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							
(6)	ALD AUTOMOTIVE PERU S.A.C.	Specialist Financing	FULL	79.82	0	100	0
Poland							
	ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	79.82	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 SA	Specialist Financing	FULL	79.82	79.82	100	100
Czech Republic							
	ALD AUTOMOTIVE S.R.O.	Specialist Financing	FULL	79.82	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

2022116801485

	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. (Ex- STD2, A.S.)	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	0.61	0.61	40	40
Romania							
	ALD AUTOMOTIVE SRL	Specialist Financing	FULL	75.89	75.89	100	100
	BRD - GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.17	60.15	100	99.97
	BRD FINANCE IFN S.A.	Financial Company	FULL	80.48	80.48	100	100
	BRD SOGELEASE IFN S.A. (Ex- S.C. 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 (Ex- SOCIETE GENERALE EUROPEAN BUSINESS SERVICES S.A.)	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
United Kingdom							
	ACR	Financial Company	FULL	100	100	100	100
	ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	79.82	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
	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

20221108011485

	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
(4)	LYXOR ASSET MANAGEMENT UK LLP	Financial Company	FULL	0	100	0	100
	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
	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
	SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100	100	100	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

20221168014487

		STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	(1) (2)	TH INVESTMENTS (HONG KONG) 2 LIMITED (UK BRANCH)	Financial Company	FULL	0	100	0	100
	(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
		ALD AUTOMOTIVE OOO	Specialist Financing	FULL	79.82	79.82	100	100
		CLOSED JOINT STOCK COMPANY SG FINANCE	Specialist Financing	FULL	99.97	99.97	100	100
	(2)	CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Company	FULL	0	99.97	0	100
		LLC RUSFINANCE	Bank	FULL	99.97	99.97	100	100
	(5)	LLC RUSFINANCE BANK	Bank	FULL	0	99.97	0	100
		LLC TELSYCOM	Services	FULL	99.97	99.97	100	100
		PJSC ROSBANK	Bank	FULL	99.97	99.97	99.97	99.97
		RB CAPITAL ASSET MANAGEMENT LIMITED LIABILITY COMPANY	Real Estate and Real Estate Financing	FULL	99.97	99.97	100	100
		RB FACTORING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB LEASING LLC	Specialist Financing	FULL	99.97	99.97	100	100
		RB SERVICE LLC	Group Real Estate Management Company	FULL	99.97	99.97	100	100
		RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	99.97	99.97	100	100
	(6)	RB TRADING LIMITED LIABILITY COMPANY	Specialist Financing	FULL	99.97	0	100	0
		SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	99.99	99.99	100	100
		SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.99	99.99	100	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	79.82	79.82	100	100
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	79.82	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

20221108014488

Slovenia							
	ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	79.82	79.82	100	100
Sweden							
	ALD AUTOMOTIVE AB	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET AB	Specialist Financing	FULL	63.85	63.85	80	80
(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland							
	ALD AUTOMOTIVE AG	Specialist Financing	FULL	79.82	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	56.86	56.86	67.83	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
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	79.82	79.82	100	100
(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine							
	ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	79.82	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) Removal from the scope (loss of control or significant influence).

(4) Entities sold.

(5) Merged.

(6) Newly consolidated.

(7) Including 30 funds.

(8) Wind up in process.

20221108031489

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, on the one hand; and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler, 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.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

		Ernst & Young et Autres		Deloitte et Associés		Total	
(In EUR m excluded VAT)		**2021 (1)**	**2020**	**2021 (2)**	**2020**	**2021**	**2020**
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	4	5	4	8	8	13
	Fully consolidated subsidiaries	15	15	15	12	30	27
Sub-total Audit		**19**	**20**	**19**	**20**	**38**	**40**
Non-audit services (SACC)	Issuer	1	1	1	1	2	2
	Fully consolidated subsidiaries	3	1	1	1	4	2
Total		**23**	**22**	**21**	**22**	**44**	**44**

(1) Including Ernst and Young network: 15 million euros.

(2) Including Deloitte network: 11 million euros.

The non-audit services provided by statutory auditors this year mainly consisted of missions of compliance review with regard to the regulatory requirements, missions of internal control within the framework of respect of ISAE standards (International Standard on Assurance Engagement), agreed upon procedures, and then complementary audits within the scope of issuing of certificates or Declaration of Non-Financial Performance (DNFP). They include also non-audit services expressly and exclusively entrusted to the statutory auditors for EUR 0.4 million.

2022110801490

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 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'Etat*) 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 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.

- 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 – *Echange 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.

20221108031491

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.

- 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), 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 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 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.

- 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 are 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.

20221108O1492

These reinstated claims include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions.

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 plaintiffs' Racketeer Influenced and Corrupt Organizations Act claims but upheld plaintiffs' antitrust and state law claims against Societe Generale. 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 plaintiffs' remaining claims. Plaintiff has appealed to the Second Circuit.

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.

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, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege 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 have appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal and denied defendants' motion which sought dismissal of the appeal because the original proposed class representatives withdrew from the action.

- 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. Societe Generale is defending the action.

- On 10 December 2012, the French Supreme Administrative Court (Conseil d'Etat) 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

20221108014 93

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 a mid-July 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. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the beginning of 2022.

- 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 has been scheduled for 5 August 2022. 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.

  SGSS GmbH was informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal proceedings as a "secondary party". By order of 16 March 2020, the Bonn District Court, with consent of the Cologne Prosecutors, released SGSS GmbH as a secondary party immediately. In addition to being subject to investigations or criminal proceedings, SG Group entities may be exposed to claims by third parties, including German tax offices, and become party to legal disputes.

- 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

20221108014494

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.

- 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 has permitted plaintiffs to replead their claims.

- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in 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 to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court has given plaintiffs the opportunity to replead their claims. On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The deadline for the defendants to respond to the complaint in Pujol II has been stayed pending the next steps in Pujol I.

- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. On 1 November 2021, a motion to dismiss on a variety of grounds was filed. Thereafter, the parties stipulated to the voluntary dismissal with prejudice of the action, with each party bearing its own costs. By order dated 2 December 2021, the court dismissed the action.

- On 15 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim. On 11 October 2021, Societe Generale and Vestia reached an agreement to put an end to this dispute without any admission of liability for Societe Generale.

20221108031495

- 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.

- 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.

20221108014496

NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

This note presents the risks associated with financial instruments and the way in which the Group manages them.

NOTE 10.1 - RISK MANAGEMENT

Implementing a high-performance and efficient risk management structure is a critical undertaking for the group Societe Generale 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 relating to 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 European Basel 3 Regulations (CRR/CRD).

1. GOVERNANCE OF RISK MANAGEMENT

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 require so).

As part of the Board of Directors, the Risk Committee advises the Board of Directors on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies the strategy is being rolled out.

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 twenty-one times during the 2021 financial year, aims to define the Group's main orientations in terms of risks (credit and counterparty risks, environmental risks, country, market risk, operational risk, model risk, etc.) within the framework of the risk appetite and the financial targets set by the Board, and to monitor compliance in such respect. Subject to the powers attributed to the Board of Directors, the CORISQ chaired by the Chief Executive Officer of the Group, based on proposals from the Risk Division, validates the main decisions relating to the management of these various risks. Along with the Risks Committee, the Major Risks Committee (*Comité Grands Risques*) is an *ad hoc* body that validates the commercial strategy and risk-taking with regard to large client groups;
- the **Finance Committee** (COFI), chaired by the Chief Executive Officer of the Group, is responsible for setting out the Group's financial strategy and for managing scarce resources (capital, liquidity, balance sheet, tax capacity). The COFI, upon proposal from Finance and Risk Divisions, validates the structural risk monitoring and management framework for the Group and its significant entities and reviews changes in such risks (limits and consumption). It periodically assesses the consumption of scarce resources. It reviews the financial panorama, ILAAP and ICAAP documents, ongoing issues regarding ALM, liquidity, the Preventive Recovery Plan, and the Corporate Centre budget and intra-Group re-invoicing. Lastly, it covers issues pertaining to the Group's taxation (managed jointly by the Finance Division and the Corporate Secretary);
- the **Compliance Committee** (COMCO) chaired by the Chief Executive Officer of the Group, defines the Group's main guidelines and principles in terms of compliance and monitors, on an annual basis,

20221108014497

the quality of the CSR risk management framework (including compliance with the French law Duty of compliance (*'Devoir de Vigilance'* law) and the Modern Slavery Act UK);

- the **Digital Transformation Committee** (DTCO), chaired by the Chief Executive Officer of the Group, in line with the Group strategy Committee's decisions, initiates and monitors changes in the information system and the relevant operational model which require, approval by General Management due to their cross-business character or to the scale of the envisaged transformation;
- the **Group Internal Control Coordination Committee** (CCCIG), chaired by the Chief Executive Officer or, in his absence, by a Deputy Chief Executive Officer, aims to perform the regular review of the internal control framework and of non-financial risks of each second line of defense, to assess it in terms of efficiency, consistency and completeness, to take corrective actions and to monitor their implementation;
- the **Supervisory Internal control coordination committee** (SICCC), chaired by the Chief Executive Officer or, if absent, a Deputy Chief Executive Officer or a Deputy General Manager in charge of the area under review, aims to perform the regular review of the internal control framework and of non-financial risks of each Business Units/Service Units of the first line of defense, to assess it in terms of efficiency, consistency and completeness, to take corrective actions and to monitor their implementation;
- the **Non-Financial Risks Steering Committee**, chaired by the Deputy Chief Executive Officer in charge of Risk and Internal Control supervision, aims to implement and instruct the orientations taken in the Group Internal Control Coordination Committee (GICCC) and resulting from the CACI, to ensure the consistency, efficiency and effectiveness of the transformation of non-financial risks (NFR) frameworks, to set targets in relation to the roadmaps, to validate, coordinate and steer the evolution of NFR frameworks throughout the Group, to identify risks and alerts related to NFR frameworks, to provide resources, to prioritise and decide on their allocation and to arbitrate if necessary;
- the **Responsible Commitments Committee** (CORESP), chaired by the Chief Executive Officer, deals with topics related to the Group's commitments and normative framework in Corporate and Social Responsibility (CSR), culture and conduct, or other topics that have an impact on the Group's liability or reputation and not already covered by an existing committee.

2. DIVISIONS IN CHARGE OF RISK MONITORING

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 assume 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** aims to define the development of the Group's activities and profitability by developing the Group's risk appetite (allocated between the Group's different business lines) in conjunction with the Finance Division and the Business and Service Units and establishing a risk management and monitoring system in its capacity as a second line of defense. The Risk Division is under the supervision of the Group Chief Executive Officer.

When performing its work, the Risk Division reconciles independence from the businesses with a close working relationship with the Business Units, which are ultimately responsible for the risks associated with the transactions they initiate.

Accordingly, the Risk Division:

- provides hierarchical and functional supervision for the Group's Risk function;
- examines, with the Finance Division, the setting of the Group's risk appetite through the Group's Risk Appetite Statement which is proposed to General Management and ultimately approved by the Board of Directors,
- identifies all Group risks and needs in advance;
- implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to General Management, the Board of Directors and the banking supervisory authorities;
- helps define the risk policies, taking into account the objectives of the businesses and the relevant risk issues;

2022110801498

- defines or validates the methods and procedures used to analyse, measure, approve and monitor risks;
- 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 and ensures its suitability to business requirements.

The **Finance Division** is organised according to three levels of supervision, each reporting to a Deputy Chief Financial Officer:

- French Retail Banking, and International Retail Banking and Financial Services;
- Global Banking and Investor Solutions;
- Cross-business functions, bringing together all the areas of expertise that are key to the operations of the Finance Division.

It also carries out extensive accounting and finance controls. As such:

- the **Group Accounting Department** is responsible for coordinating the mechanism used to draw up the Group's consolidated financial statements;
- the **Experts on Metrics and Reporting Department** is responsible for producing the regulatory reports of the Group;
- the **Mutualised Transactions Processing Department** manages the shared service centers of the *Finance Division with the support of its Paris teams and the oversight of Finance teams in Bucharest and* Bangalore;
- the **Finance Control Department** is responsible for the second-level permanent control system across all of the Finance Processes;
- the **Asset and Liability Management Department** is in charge as the first line of defense of the ALM function for the Group, of controlling the Group's liquidity and exchange rate risks, as well as the operational management of ALM for the Societe Generale Parent Company (SGPM).

The other cross-business functions perform various tasks for the Finance Division, in particular with the Finance Division of the Group Service Units, Group Investor Relations and Financial Communication, Human Resources and the Corporate Secretary.

The **Finance Departments of the Business Units and Service Units**, which report hierarchically to the Group Finance Division, ensure that the financial statements are prepared correctly at the local level and control the quality of the information in the financial reports (accounting, management control, regulations, etc.).

The **Group Compliance Division** is responsible for defining and ensuring the consistency of the system for preventing and controlling the risk of non-compliance, as well as for coordinating the system intended to prevent, detect, assess and control reputational risk in the entire Group.

The **Corporate Secretary** includes:

- the **Group Legal Department**, which ensures in particular the security and legal regularity of the Group's activities, drawing on the legal services of subsidiaries and branches where applicable,
- the **Group Tax Department**, which ensures compliance with tax laws in France and abroad;
- the **Group Security Department**, which oversees the Group's security in conjunction with the Service Unit of the Resources and Digital Transformation Department regarding the security of information systems,
- the **Group's Administrative Department**, which provides the Group's central administration services and provides support, as necessary, to the Secretary of the Board of Directors.

2022110801499

The **Human Resources and Communication Division** monitors the implementation of compensation policies, amongst other things.

The **Corporate Resources and Innovation Division** is specifically responsible for defining information system security policies.

The **Group Internal Audit Division** is in charge of internal audits, under the authority of the Head of Group Internal Audit.

Finally, the **Sustainable Development Division** reporting to General Management assists the Deputy Chief Executive Officer in charge of all ESG (CSR) policies and their effective translation into the trajectories of businesses and functions. It supports the Group's CSR transformation to make it a major competitive advantage both in business development and in E&S risk management. DGLE/RSE provides advice to DGLE through three main tasks:

- the definition and strategic management of the Group's CSR ambition;
- support for the CSR transformation of BUs and SUs;
- the contribution to promoting the Group's CSR influence.

3. INTEREST RATE BENCHMARKS REFORM

Presentation of the reform

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 Financial Conduct Authority, the supervisor of LIBOR, announced the official dates for the cessation and loss of representativeness:

- EUR and CHF LIBOR (all terms); GBP and JPY LIBOR (terms: overnight, 1 week, 2 months and 12 months); LIBOR USD (terms: 1 week and 2 months): the publication of these benchmark settings contributed by a panel of banks has permanently ceased as of 1 January 2022.
- LIBOR GBP and JPY (terms: 1, 3 and 6 months): these settings have not been contributed by a panel of banks since 1 January 2022 and are, from now on, published in a synthetic form; thus, their use is restricted to the wind-down of legacy positions.
- LIBOR USD (terms: overnight, 1, 3, 6 and 12 months): the cessation of the publication of these benchmark settings contributed by a panel of banks is scheduled for end June 2023.

Besides, regarding the major euro area interest rate benchmark indexes:

- EURIBOR: EMMI (European Money Markets Institute), administrator of the index, does not plan to cease its publication. The EURIBOR will thus be maintained in the coming years.
- EONIA: its publication ceased definitively on 3 January 2022. The successor rate recommended by the European Central Bank working group on the euro area is the €STR on which the EONIA was based since end 2019.

In parallel, other interest rate indexes based on LIBOR are also subject to reform (e.g. SOR, MIFOR, THBFIX, ICE swap rate, ...). Local regulators or administrators continue clarifying the roadmap and issuing recommendations to reduce the risks associated with these transitions.

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 established by the central banks of the currencies concerned and is preparing for these changes through a specific transition programme set up in Summer 2018 and supervised by General Management.

For this purpose, the Societe Generale group launched awareness-raising and communication campaigns for its customers, accompanied by a monthly newsletter and a Q&A on the IBOR transition made publicly available on the Societe Generale web site.

20221108015O0

With the cessation deadlines announced for LIBOR and EONIA in mind, the public authorities and the working groups set up by the central banks issued recommendations to the industry. These recommendations aim at stopping the production of new contracts referencing these indexes as well as at migrating the existing contracts referencing said indexes 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 trends and recommendations from regulators and their working groups. At the time of writing of this note, ten internal guidelines have been issued and cover three main themes:

- strengthening of the new contracts through the inclusion of fallback clauses and risk warnings;
- cessation of the production of new transactions referencing LIBOR and EONIA (with some exceptions provided for by regulators on USD LIBOR) and use of alternative solutions;
- fair and homogenous treatment of customers through the involvement of the compliance teams in the renegotiations of contracts.

At this stage, all directives are applied and widely circulated among the Group staff.

In order to acquire the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the disappearance of LIBOR and EONIA, 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 the developments in the use of RFRs and other alternative rates in order to implement any new conventions and meet its customers' needs.

The progressive cessation of the production of new products indexed on LIBOR and EONIA started in Spring 2021 and the Societe Generale group has been offering to guide its customers towards alternative solutions since then. In parallel, the Group has introduced fallback clauses in line with the market standards in the new contracts that remain indexed on the IBOR indexes (EURIBOR included).

In 2021, the Group focused its action on transitioning its agreements referencing GBP LIBOR, CHF LIBOR, JPY LIBOR, and EUR LIBOR, as well as EONIA. This transition concerned in the first instance the customers of the investment banking and financing and advisory activities and, to a lesser extent, some customers of the French and International retail networks. Depending on the products, the transition has, overall, been carried out according to three major modalities:

- loans and credit lines are subject to individual renegotiations, together with the related hedging instruments, in order to maintain their effectiveness;
- most of the derivative products have been transitioned at the instigation of the clearing houses or through the activation of their fallback clauses (protocol set up by the ISDA and to which the Societe Generale group acceded in October 2020). Some derivative products have, however, been renegotiated bilaterally;
- lastly, for some products (typically: cash accounts and similar), the transition has been done through an update of the general conditions.

In parallel, the Societe Generale group ensured that transitional solutions were provided regarding the few issuances having an early call option dependant on LIBOR in the event that these options were not exercised. The only issuance directly indexed to JPY LIBOR rate (ISIN JP525016CF64) has been switched to TONA RFR in December 2021.

At end December 2021, the Societe Generale group considers that it has achieved more than 99.5% of its legal transition programme regarding the contracts on indexes ending or ceasing to be representative at the end of 2021. The remainder corresponds mainly to contracts being renegotiated at that date and for which the use of synthetic LIBORs will allow for the transition at the beginning of 2022.

It should be noted that exposures to 2021 fixings of IBOR will continue to appear beyond 31 December 2021 pending the operational transitions associated with some types of contracts which will take place during 2022.

Regarding the contracts referencing the major terms of USD LIBOR, and due to their disappearance scheduled for end of June 2023, the Societe Generale group has not yet launched a massive transition of its current stock but aims at completing it in June 2023. However, the Group offers a proactive switch to alternative solutions whenever it interacts with customers and supports customers wishing to opt in early in their transition process.

20221108015O1

The table below presents the exposures related to the contracts impacted by the benchmark reform and whose term is scheduled beyond the official cessation dates.

This information has been retrieved from the deal processing applications and they present the Group's situation at end of November 2021. Nonetheless, at the beginning of January 2022, one observes that 99.5% of these exposures have been switched to alternative benchmarks, the remainder being the subject of renegotiations which should be completed soon.

These exposures do not account for the transitions made during December 2021 and the beginning of January 2022 for the rates that ceased to be published as of 31 December 2021. These are mainly concerning derivatives cleared by clearing houses, the triggering of fallback clauses for OTC derivatives under an ISDA master agreement or a similar agreement within the framework of the market protocol, or the use of statutory fallbacks for EONIA and CHF LIBOR.

(In EUR bn) ***Exposures as at 30 November 2021***

Current interest rate benchmarks [5]	**New risk-free rates liable to replace the current interest rate benchmarks**	**Outstanding principal**		**Notional** [1]
		Financial assets [2] **(excl. derivatives) impacted by the reform**	**Financial liabilities** [3] **(excl. derivatives) impacted by the reform**	**Derivatives** [4] **impacted by the reform**
Indices whose listing ends on 31/12/2021		**5**	**5**	**1,259**
EONIA - Euro OverNight Index Average	Euro Short-Term Rate (€STR)	0	4	20
LIBOR - London Interbank Offered Rate – GBP	Reformed Sterling Overnight Index Average (SONIA)	3	1	485
LIBOR - London Interbank Offered Rate - CHF	Swiss Average Rate Overnight (SARON)	0	0	56
LIBOR - London Interbank Offered Rate – JPY	Tokyo OverNight Average (TONA)	0	0	691
LIBOR - London Interbank Offered Rate – EUR	Euro Short-Term Rate (€STR)	1	0	7
Indices whose listing ends on 30/06/2023		**35**	**3**	**2,403**
LIBOR - London Interbank Offered Rate - USD	Secured Overnight Financing Rate (SOFR)	35	3	2,397
SOR - Singapore Dollar Swap Offer Rate	Singapore Overnight Rate Average (SORA)	0	0	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.

20221108015G2

Risks associated with rate reform

The risks related to the IBOR reform are now mainly limited to USD LIBOR for the period running until June 2023. They remain managed and monitored within the governance framework dedicated to the IBOR transition. They have been identified as follows:

- programme 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 the subject of close monitoring and supervision;
- operational risks in the execution of the transition of transactions, depending in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time;
- liquidity risk related to increased drawdowns in a context of increased credit costs; the relevance of the integration of this component into the liquidity models will be assessed during the annual review of the drawdown models;
- regulatory risk managed according to the Group guidelines which are in line with the recommendations of the regulators and working groups on the LIBOR transition; these guidelines concern the products which, by exception, continue referencing USD LIBOR;
- misconduct risk, related to the end of LIBOR, notably managed through:
  - specific guidelines 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 could be affected.

20221108015O3

NOTE 10.2 - CAPITAL MANAGEMENT AND ADEQUACY

1. THE REGULATORY FRAMEWORK

Since January 2014, Societe Generale has been applying the Basel 3 regulations implemented in the European Union through a regulation and a directive (CRR and CRD4 respectively).

The general framework defined by Basel 3 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 the provisions came into force in June 2021.

The amendments include:

- NSFR: The text introduces the regulatory requirements for the NSFR ratio. A ratio of 100% must now be respected from June 2021;
- Leverage ratio: the minimum requirement of 3% to which will be added, from 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 16%+weighted risk capital buffers and 6% of leverage exposure in 2019, with the ratio increasing to 18%+risk-weighted buffers and 6.75% leverage in 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), 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 are expected for Q1 2022.
- The capital requirements for FRTB: a two-year postponement (*i.e.* to 1 January 2027) could be applied in the event of unlevel playing field with the United States.

20221108015O4

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. The text will then have to be voted on 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.

2. CAPITAL MANAGEMENT

As part of its capital management, the Group (under the managment of the Finance Division and the supervision of Risk Division) ensures that its solvency level is always compatible with the following objectives:

- maintaining its financial solidity 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.

20221108081505

NOTE 10.3 - CREDIT AND COUNTERPARTY CREDIT RISK

DEFINITIONS

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 linked to securitisation activities and may be further amplified by individual, country and sector concentration risk.

Counterparty credit risk (CCR) is the risk of losses on market operations, resulting from the inability of the Group's counterparties to meet their financial commitments.

Counterparty credit risk covers replacement risk in the event of default of one of our counterparties, the risk of CVA (Credit Valuation Adjustment) related to the adjustment of the value of our portfolio and the risk on central counterparties (Central Counterparty or CCP) following the clearing of market transactions.

The value of the exposure to a counterparty and its credit quality are uncertain and variable over time, and they are affected by changes in market parameters.Counterparty credit risk may increase in the event of an adverse correlation (Wrong Way Risk), *i.e.* when the group's exposure to a counterparty increases at the same time as the credit quality of this counterparty deteriorates (*i.e.* when its probability of default increases).

Transactions involving counterparty credit risk include delivered pensions, securities lending and borrowing, and derivatives contracts, whether they are dealt with as principal activity or on behalf of third parties (agency activities or client clearing) in the context of market activities.

1. GENERAL PRINCIPLES GOVERNING RISK-TAKING

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 ratings of the counterparties, confers decision-making capacities to the risk units on the one hand and to 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 defense. 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.

Specificities of individual and professional portfolios (Retail)

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.

2022116801506

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 (cut to 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 to identify as quickly as possible where any deterioration in exposures is coming from and 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 subsidiary managers in managing their risks with an eye to:

- the effectiveness of lending policies and the quality of tools used;
- the quality of the portfolio and its development over the lifetime of exposures (from grant to recovery).

Monitoring should be structured around the four following stages:

- grant: 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. However, it is organised (through outsourcing, internal recovery, etc.) the effectiveness of recovery, which depends in large part on reactivity, must be measured. 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 Departement.

2. CREDIT RISK HEDGING

2.1 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 (e.g. Credit Logement in France), monoline or multiline insurers, export credit agencies, states in the context of the health crisis linked to Covid-19, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;

2022110801507

- collateral can consist of physical assets in the form of 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 Credit 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 Credit 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).

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 Credit Logement, export credit agencies, the French State (within the "*Prêts Garantis par l'Etat*" 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).

Closer 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 373 billion as at 31 December 2021 (compared with EUR 319 billion as at 31 December 2020), of which EUR 175 billion for retail customers and EUR 198 billion for other types of counterparties (compared with EUR 156 billion and EUR 163 billion as at 31 December 2020, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at amortised cost, which amounted to EUR 294 billion as at 31 December 2021, and to off-balance sheet commitments, which amounted to EUR 68 billion (compared with EUR 258 billion and EUR 51 billion as at 31 December 2020 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 2.4 billion as at 31 December 2021 (EUR 4.3 billion as at 31 December 2020), including EUR 1.5 billion on retail customers and EUR 0.9 billion on other types of counterparties (versus EUR 1.7 billion and EUR 2.6 billion as at 31 December 2020 respectively).

The amount of guarantees and collateral received for non-performing outstanding loans as at 31 December 2021 amounted to EUR 5.2 billion (compared with EUR 4.5 billion as at 31 December 2020), of which EUR 1.8 billion on retail customers and EUR 3.4 billion on other types of counterparties (compared with EUR 1.8 billion and EUR 2.7 billion respectively as at 31 December 2020). These amounts are capped at the amount of outstanding.

20221108015O8

2.2 USE OF CREDIT DERIVATIVES TO MANAGE CORPORATE CONCENTRATION RISK

The Group may use credit derivatives, 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 Corporate and Investment Banking, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Division 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 were stable at EUR 2.5 billion in nominal terms and a corresponding fair value of EUR -10.3 million at the end of December 2021 (compared to EUR 2.5 billion nominal value and a corresponding fair value of -7.3 million euros at the end of December 2020). New operations have mainly been performed to approve capital allocation (EUR +1.7 billion) and to a lower extend reduce concentration risk (EUR 0.8 billion).

Over 2021, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) were stable, fluctuating around an annual average of 50bps. 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 majority of protection purchases (99% of outstanding as 31 December 2021) are 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 0.9 billion as at 31 December 2021 versus EUR 1.3 billion as at 31 December 2020) and liabilities (EUR 1.2 billion as at 31 December 2021 versus EUR 1.4 billion as at 31 December 2020) correspond to the fair value of credit derivatives mainly held under a transaction activity.

2.3 CREDIT INSURANCE

The Group has been developing relationships with private insurers for several years in order 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.

20221108015G9

3. RISK MEASUREMENT AND INTERNAL RATINGS

3.1 GENERAL FRAMEWORK OF THE INTERNAL APPROACH

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 its 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 (loans, receivables, accrued income, market transactions, 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 of the Bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred 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, back-testing and the validation of models. These procedures allow, among other things, to facilitate critical human judgement, 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 favourable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is taken into account via the LGD level.

3.2 CLIMATE RISK - MEASURING SENSITIVITY TO TRANSITION RISK

Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as 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.

4. COUNTERPARTY CREDIT RISK

4.1 LIMITS SETTING AND MONITORING FRAMEWORK

MAIN PRINCIPLES

Counterparty credit risk is framed through a set of limits that reflect the Group's appetite for risk.

The Risk approval process applies the following fundamental principles:

- 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 customer monitoring sector on the other;
- the commercial monitoring sector and this risk unit must be independent of each other;
- the limits and internal rating set for each counterparty are proposed by the customer monitoring sector and validated by the dedicated risk unit in charge of the counterparty type. Limits can be Individual at the level of the counterparty, or global over a group of counterparties in the case of monitoring exposures in stress tests, for example.

20221108081510

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 transmitted 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 pointed out to Front Office and Credit Officer 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.

GOVERNANCE

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:

- the global overview on counterparty risk metrics and exposure such as the global stress tests, PFE (Potential Future Exposure), *etc*; as well as exposures to specific activities such as collateralised financing, or for transactions deal on behalf of third parties (agency activities or client clearing);
- dedicated focus in case of identification emerging risk areas.

This committee, chaired by the Risk Department, brings on monthly basis 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 frameworks within its competence.

REPLACEMENT RISK

The Group frames the replacement risks by limits:

- 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 consider other measures to monitor replacement cost 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 on Wrong Way Risk).

CVA (CREDIT VALUATION ADJUSTMENT)

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 Group's counterparties (see dedicated section).

20221108015311

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 the hedges traded by the desk).

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 default 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);
- the impact of a default by a major CCP defined by a stress test limit.

4.2 MITIGATION OF COUNTERPARTY CREDIT RISK LINKED TO MARKET TRANSACTIONS

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 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).

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. Clauses negotiated by clients outside the bank's standards are approved by the decision-making bodies of the master agreements activity - 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 legal certainty of the clauses

2022110801512

authorising global close-out netting and collateralisation is analysed by the bank's legal departments to ensure that they are enforceable under the legal provisions applicable to clients.

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.

The features of the margin call mechanism are defined in the collateralisation contracts (CSA [2]). 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 obligations;
- 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 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 contemporaneously with 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 transactional volume*)

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 prolicies. The eligility criteria for this waiver are framed and monitored as required by the Delegated Regulation.

(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.

20221108015 13

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 operates a client clearing activity (agency-type activity), which is subject to systematic margin calls to mitigate counterparty credit risk (customers posting daily variation margins and initial margins to Societe General, in order to cover current exposure and future exposure). The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties to waive the mandatory clearing via a clearing house for intra-group transactions for standardised derivatives transactions. The Group includes and applies this exemption according to the rules and criteria defined.

4.3 COUNTERPARTY CREDIT RISK MEASUREMENT

Replacement risk

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.

REGULATORY INDICATOR

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 (3) and the general financial security-based method for securities financing transactions (SFT).

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, and 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.

(3) 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.

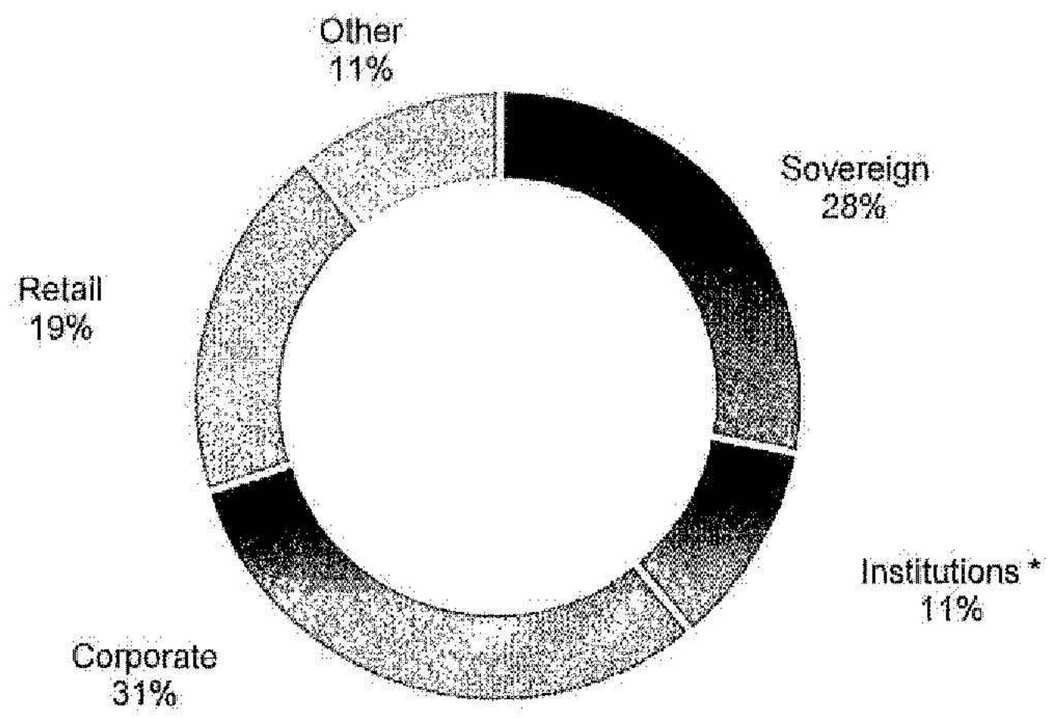
20221108015514

5. ANALYSIS OF THE CREDIT PORTFOLIO

In this section, the measurement used for credit exposures is the EAD – Exposure at Default (on- and off-balance sheet). Under the Standardised Approach, EAD is calculated net of collateral and provisions.

CREDIT RISK EXPOSURE OF GROUP BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2021

On- and off-balance sheet exposures (EUR 1,079 billion in EAD):

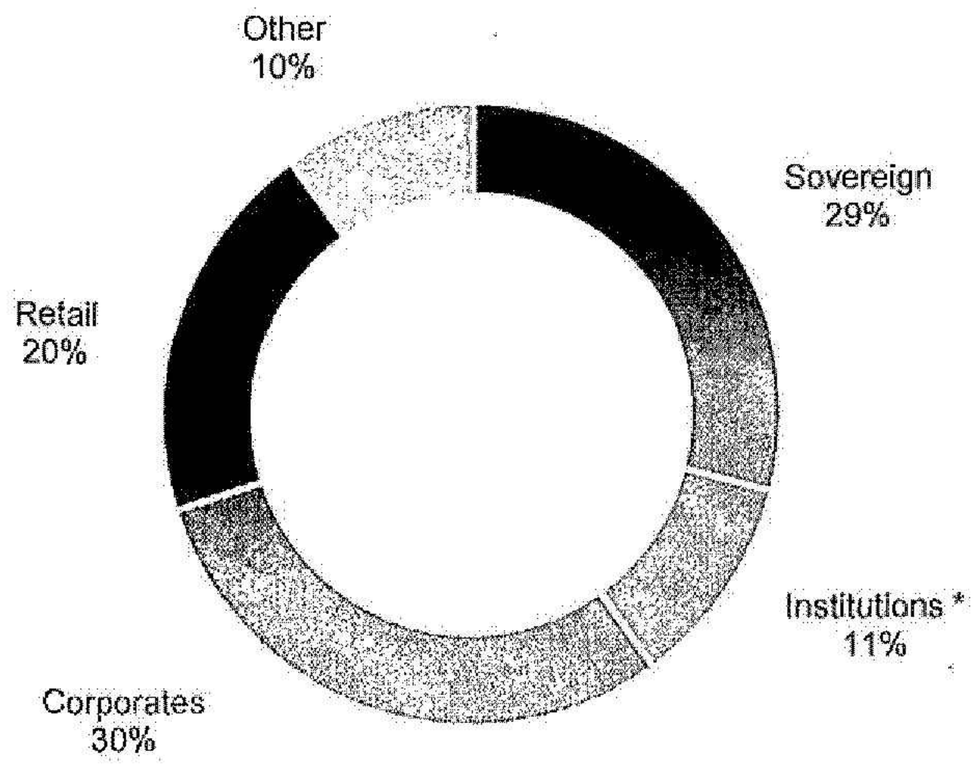


* *Institutions: Basel classification of banks and public sector portfolios.*

2022110801515

CREDIT RISK EXPOSURE OF GROUP BY EXPOSURE CLASS (EAD) AS AT 31 DECEMBER 2020

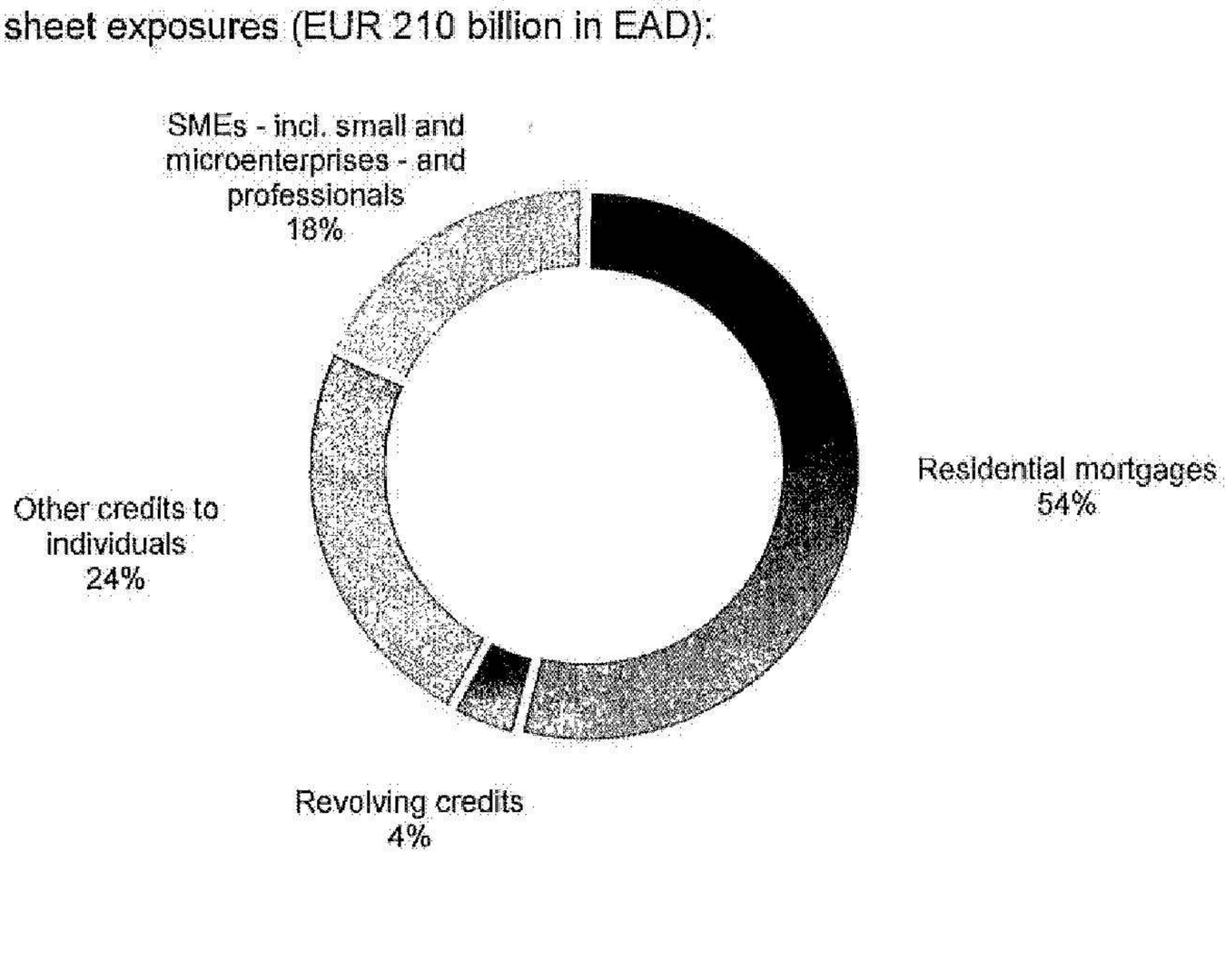
On- and off-balance sheet exposures (EUR 1,004 billion in EAD):



* *Institutions: Basel classification of banks and public sector portfolios.*

RETAIL CREDIT RISK EXPOSURE OF GROUP BY EXPOSURE SUBCLASS (EAD) AS AT 31 DECEMBER 2021

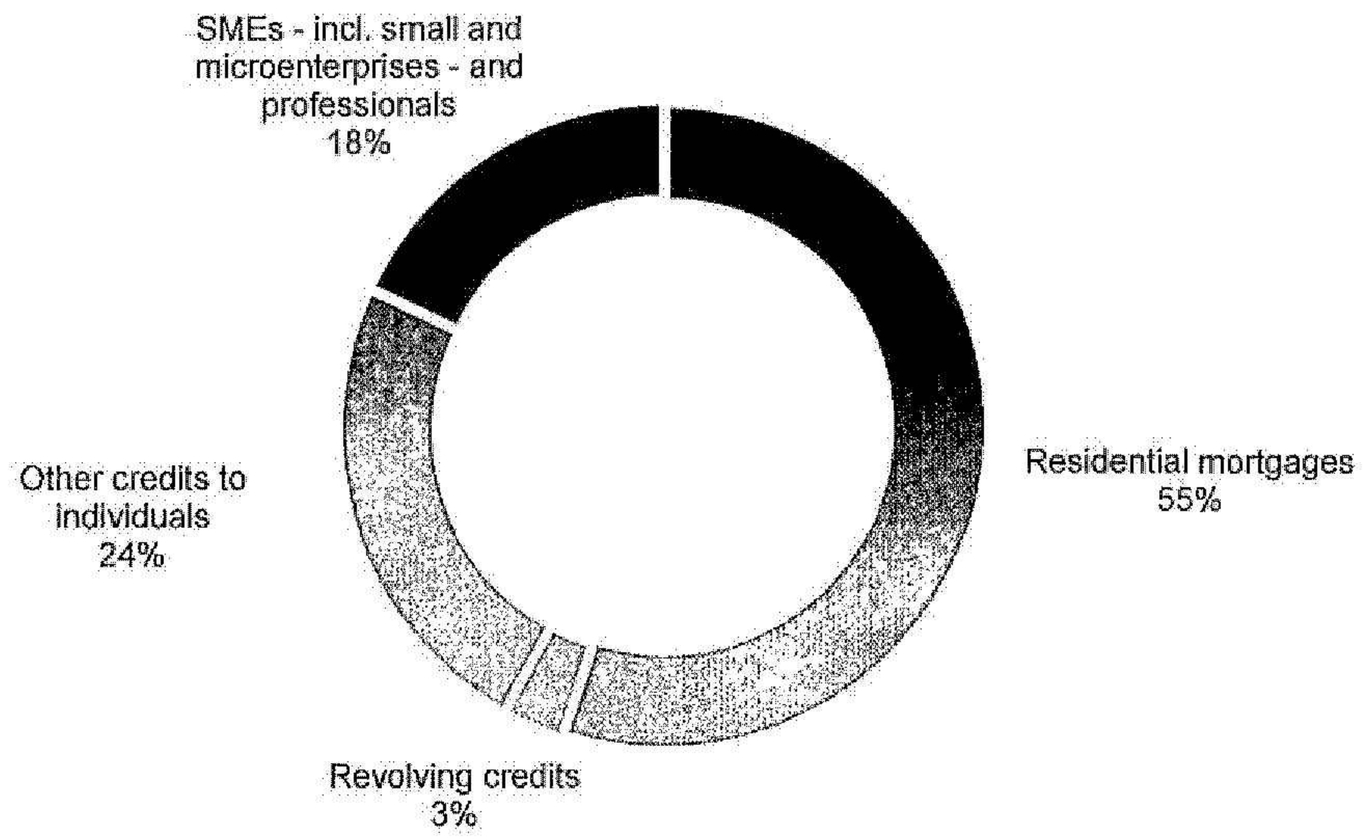
On- and off-balance sheet exposures (EUR 210 billion in EAD):



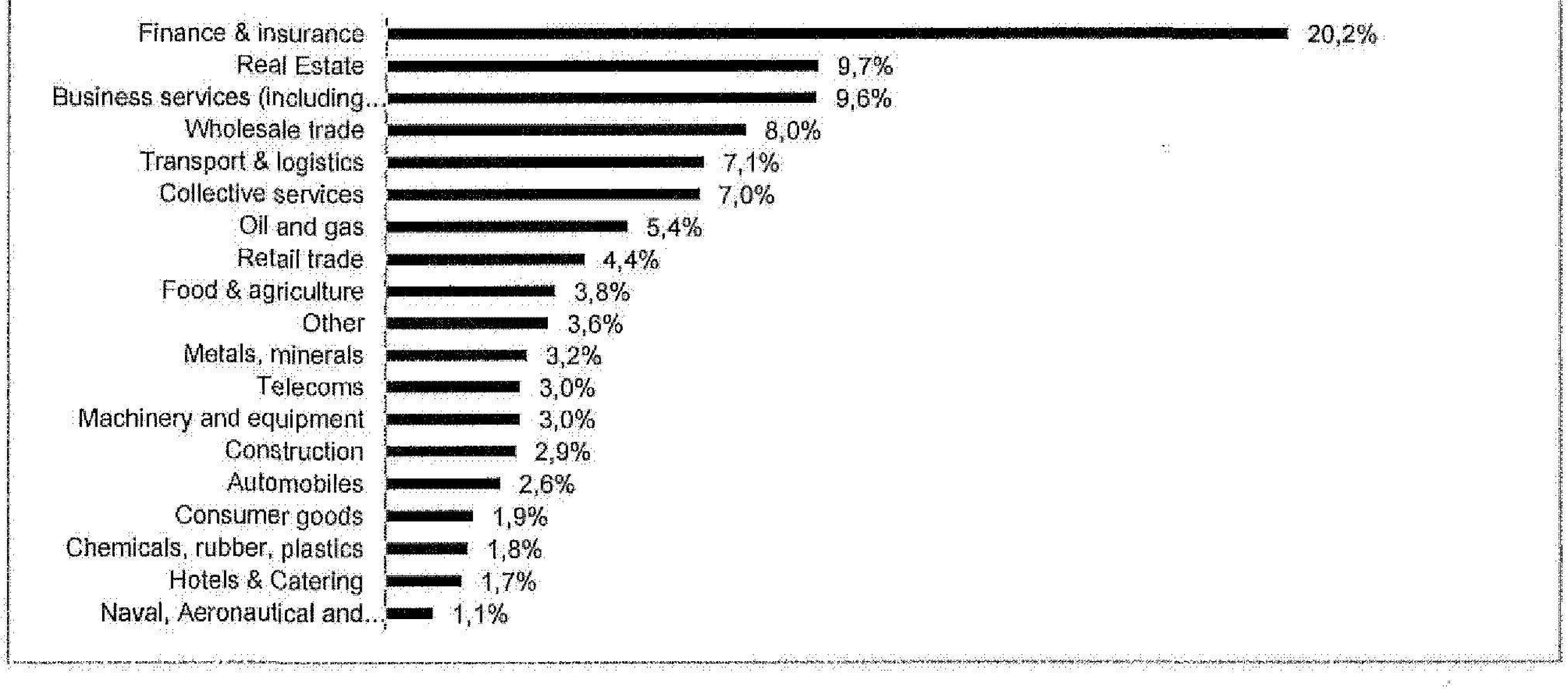
20221108051516

RETAIL CREDIT RISK EXPOSURE OF GROUP BY EXPOSURE SUBCLASS (EAD) AS AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 202 billion in EAD):



SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE AS AT 31 DECEMBER 2021 (BASEL PORTFOLIO)



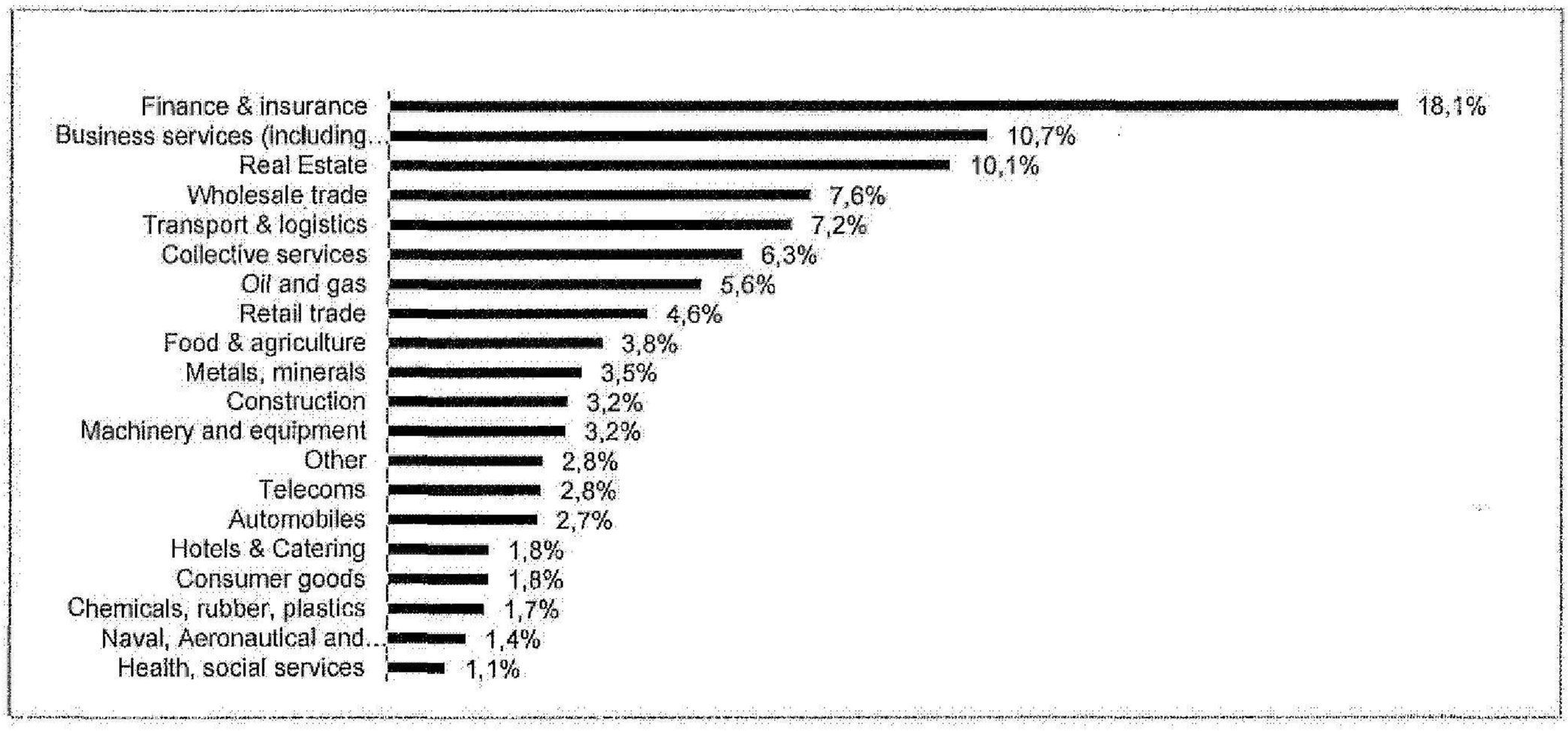
EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

As at 31 December 2021, the Corporate portfolio amounted to EUR 380 billion (on- and off-balance sheet exposures measured in EAD).

Only the financial activities sector represents more than 10% of the portfolio. The Group's exposure to its ten largest Corporate counterparties accounted for 5% of this portfolio.

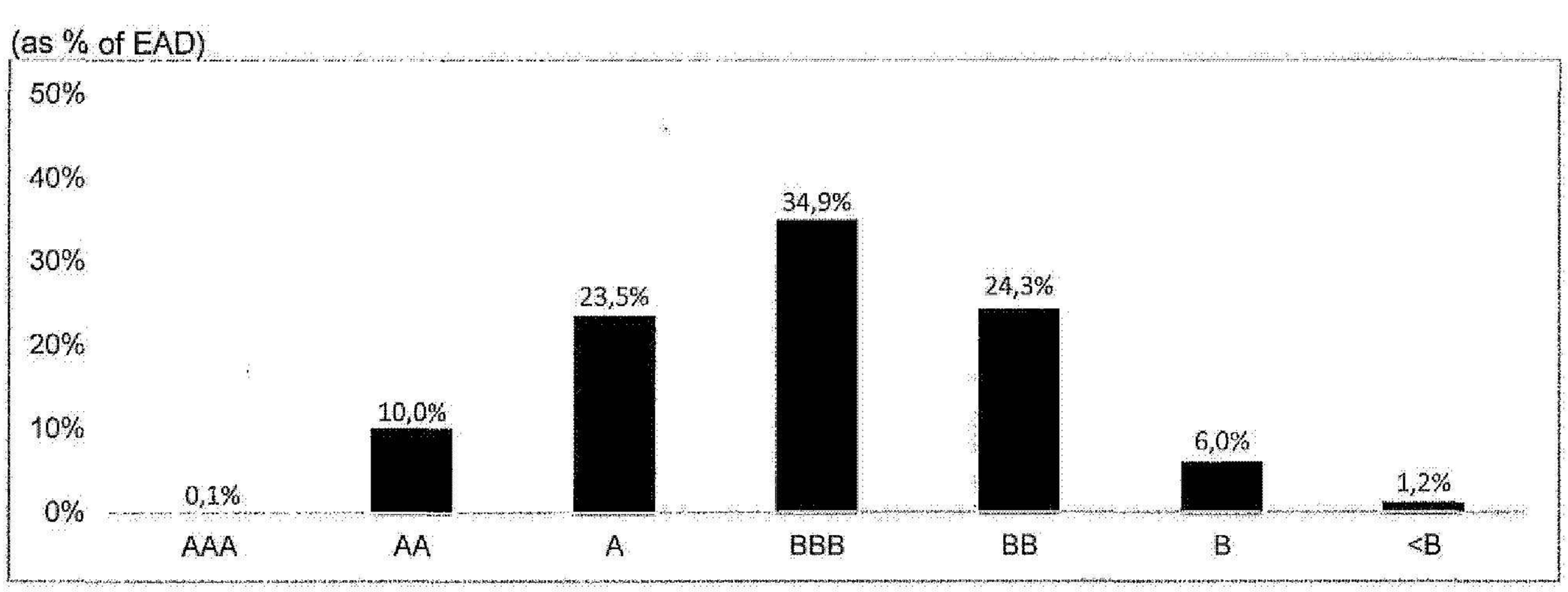
20221108015 17

SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE AS AT 31 DECEMBER 2020 (BASEL PORTFOLIO)



CORPORATE AND BANK CLIENTS EXPOSURES

Breakdown of risk by internal rating for corporate clients as at 31 December 2021

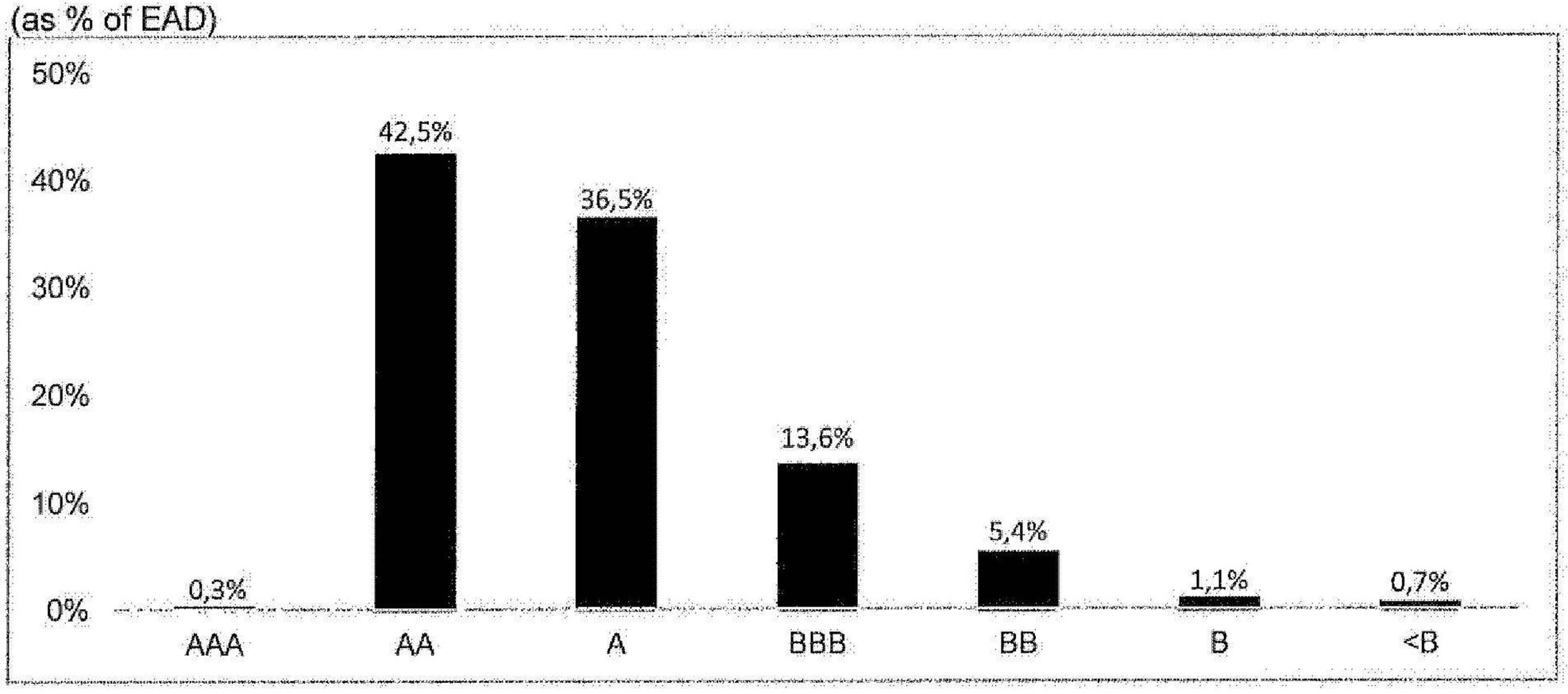


Regarding Corporate clients, the scope consists of performing loans recorded under the IRB approach (excluding prudential classification criteria, by weight, of specialised financing) over the entire Corporate clients portfolio, all divisions combined, and represents a EUR 295 billion EAD (out of a EUR 332 billion total EAD for the Corporate Basel portfolio, Standardised Approach included). The rating breakdown of Societe Generale Group's Corporate counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

As at 31 December 2021, the majority of the portfolio had an Investment Grade rating, *i.e.* counterparties with an S&P-equivalent internal rating higher than BBB- (69% of Corporate clients). Transactions with non-Investment Grade counterparties were very often backed by guarantees and collaterals in order to mitigate the risk incurred.

202211080518

Breakdown of risk by internal rating for corporate clients as at 31 December 2020

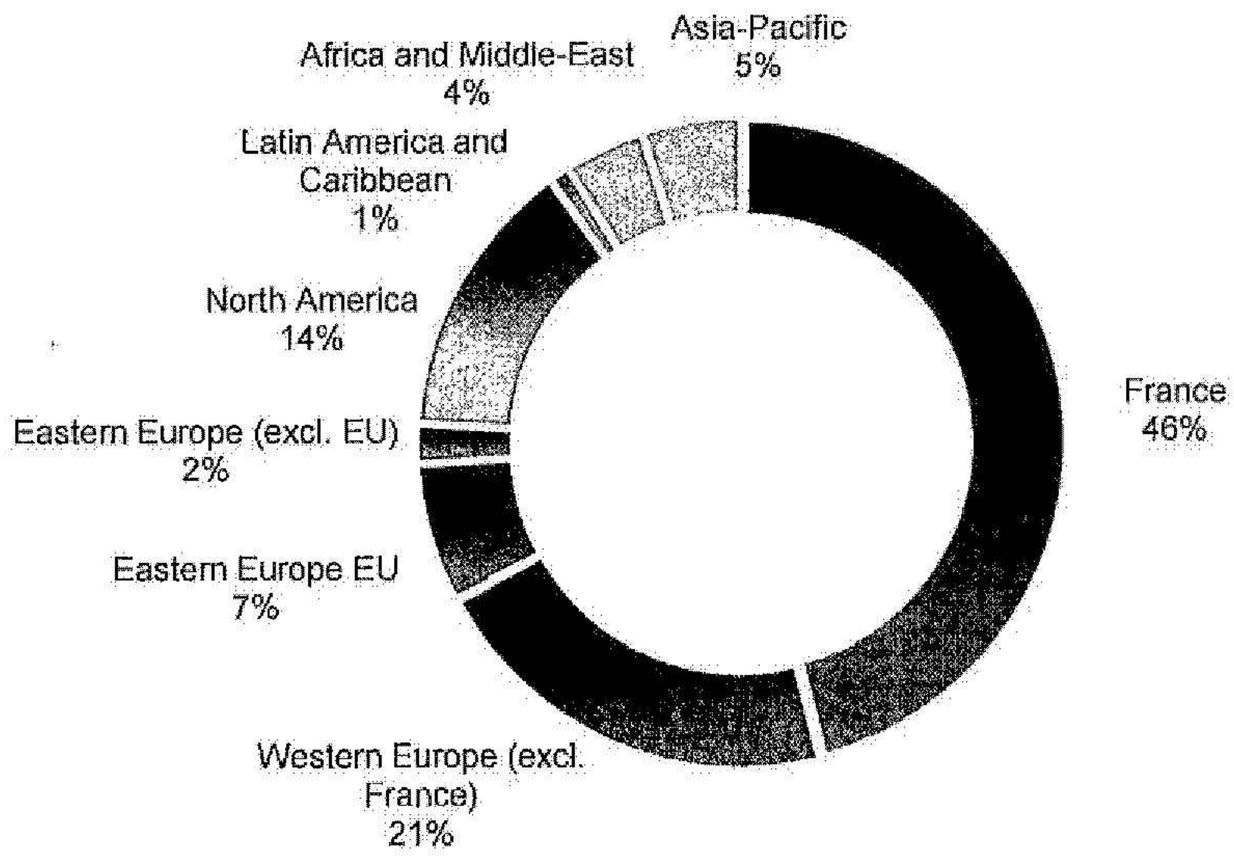


Regarding banking clients, the scope consists of performing loans recorded under the IRB approach over the entire banking clients portfolio, all divisions combined, and represents a EUR 56 billion EAD (out of a EUR 116 billion total EAD for the Bank Basel portfolio, Standardised Approach included). The rating breakdown of Societe Generale Group's banking counterparty exposure reveals the sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

As at 31 December 2021, exposure on banking clients was concentrated on Investment Grade counterparties (93% of the exposure) and in developed countries (91%).

GEOGRAPHICAL BREAKDOWN OF GROUP CREDIT RISK EXPOSURES AS AT 31 DECEMBER 2021 (ALL CLIENT TYPES INCLUDED)

On- and off-balance sheet exposures (EUR 1,079 billion in EAD)



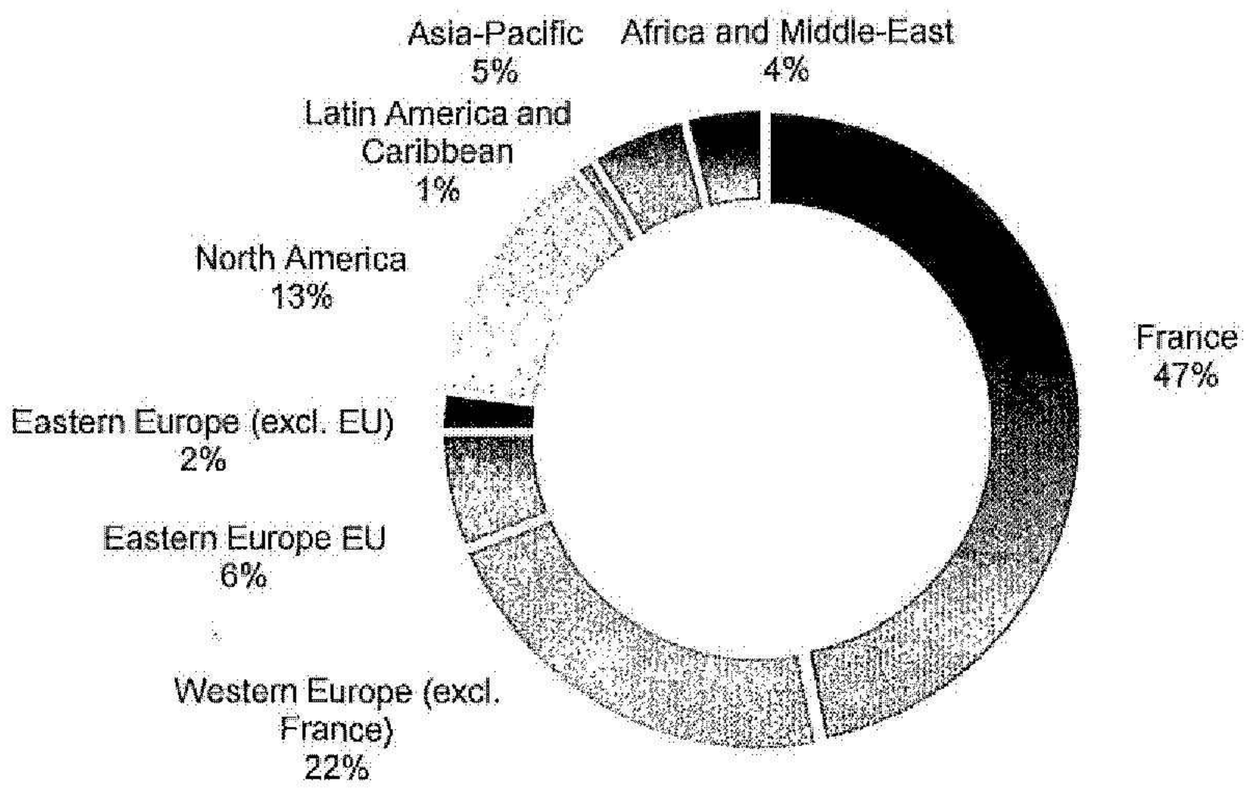
20221108O1519

As at 31 December 2021, 90% of the Group's on- and off-balance sheet exposure was concentrated in the advanced economies [4].

Almost half of the overall amount of outstanding loans was towards French clients (32% exposure to the non-retail portfolio and 14% to the retail one).

GEOGRAPHICAL BREAKDOWN OF GROUP CREDIT RISK EXPOSURES AS AT 31 DECEMBER 2020 (ALL CLIENT TYPES INCLUDED)

On- and off-balance sheet exposures (EUR 1,004 billion in EAD)



(4) As defined by the IMF in its World Economic Outlook document (October 2021).

20221168015520

6. RESTRUCTURED DEBT

For the Societe Generale Group, "restructured" debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower's insolvency (whether insolvency has 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 in force and without relinquishing any of the principal amounts or accrued interests.

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. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt as at 31 December 2021 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 8.1 billion.

20221108801521

NOTE 10.4 - MARKET RISK

DEFINITION

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.

1. ORGANISATION OF THE MARKET RISK MANAGEMENT

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 Division, which is independent from the businesses.

This department:

- 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; 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 certifiication of the market risk indicators, of the P&L resulting from market activities, based on formal and secure procedures, and then of the 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.

2. MARKET RISK MONITORING PROCESS

The business development strategy of the Group for market activities is primarily focused on meeting client needs, with a full 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 Risk (VaR) and Stressed Value at Risk (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 historical 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;

20221108015522

- 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.

3. MARKET RISK MAIN MEASURES

STRESS TEST ASSESSMENT

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 risk, 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 modelled on five scenarios;
- the Market Stress Test, which focuses solely on market risk, 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.

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.

THE 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 favourable results arising from the five scenarios and their respective components.

20221108801523

The market risk component

It corresponds to:

- the results of the Market Stress Test (5) 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. For the calculation of the stress five scenarios are used: 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.

The dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situations 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).

Two 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 MARKET STRESS TEST

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 (6) (4 historical and 7 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.

(5) Measurement of the impact on the Net Banking Income in case of shocks on all risk factors (refer to below description).

(6) Including the ones used in the global stress tests on market activities.

20221108011524

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, 2 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 4 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. a major terrorist attack, political instability in the main oil-producing countries, 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 7 hypothetical scenarios.

VALUE AT RISK 99% (VAR)

Methodology

The internal VaR model was introduced at the end of 1996 and has been approved by the French supervisor 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 modelling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor being 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 re-pricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

2022110801525

Market 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 (7) of the second and third largest losses computed, without applying any weighting to the scenarios.

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 10. This methodology complies with regulatory requirements and has been reviewed and validated by the supervisor.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limits 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 intra-day 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 mitigates the limits of the VaR model by performing stress tests and other additional measurements.

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.

(7) 39% of the second highest risk and 61% of the third highest risk.

20221108031526

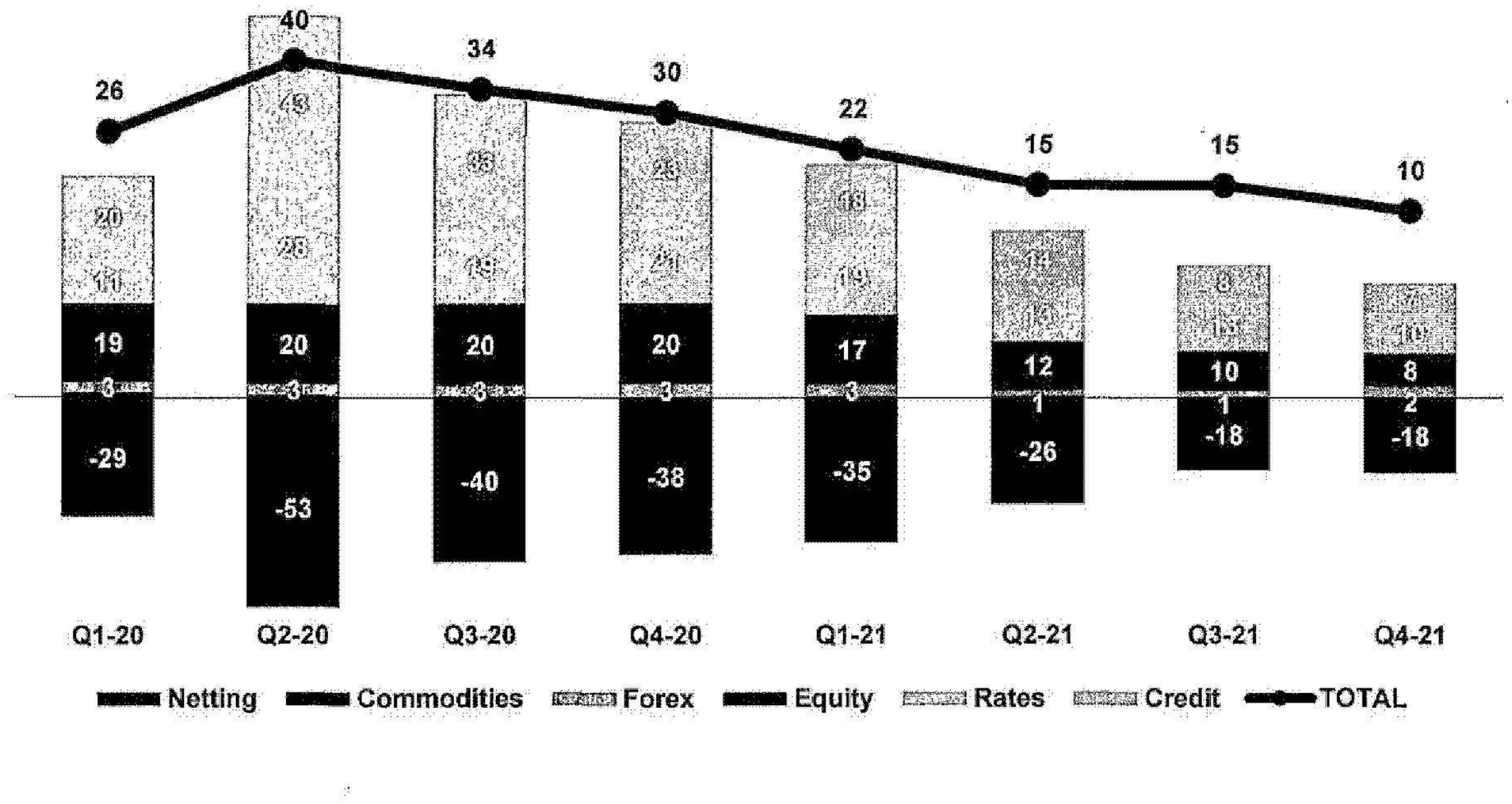
Backtesting

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 a second line of defense, 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, the 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 [8] 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 parameter adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L [9] includes only the change in book value related to changes in market parameters and excludes all other factors.

BREAKDOWN BY RISK FACTOR OF TRADING VAR (1-DAY, 99%) – CHANGES IN QUARTERLY AVERAGE OVER THE 2020-2021 PERIOD (IN EUR M)



(8) "Actual P&L" by agreement hereinafter.

(9) "Hypothetical P&L" by agreement hereinafter.

20221108015127

VaR was less risky in 2021 (15 MEUR versus 33 MEUR in 2020 on average). In line with the end of 2020, the VaR in 2021 continued its gradual decline over the year, reaching historically low levels in the 4th quarter. The decline was visible across all asset classes, which are also at low levels.

STRESSED VAR (SVAR)

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.

The method for determining the fixed historical stress window in effect in 2021, which has been approved by the regulator (10), is based on a review of the historic shocks on the risk factors representative of the Societe Generale portfolio (related to equity, fixed income, foreign exchange, credit and commodity risks): historical shocks are aggregated to determine the period of highest stress for the entire portfolio. Each risk factor is assigned a weighting to account for the weight of each risk factor within its asset class and the weight of the asset class in the Group's VaR. The historical window used is reviewed annually. In 2021, 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.

The continuous backtesting performed on the 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 limits.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as a second line of defense. 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 on average in 2021 (37 MEUR versus 50 MEUR in 2020). Its evolution over the year was marked by three main stages:

- in the first two quarters of the year, the SVaR remained at a low level, following the end of 2020. The low variability comes mainly from exotic perimeters and equity volatility as well as interest rate activities;
- SVaR increased in Q3 to 60 MEUR. This increase comes mainly from interest rate perimeters, in particular CIM (11) Basis and exotic;
- SVaR then gradually declined to its average level. The decrease coming from interest rate perimeters, due to the exposure of interest rate smile, cross currency and sensitivity to OIS/BOR

(10) A complementary method was submitted to the regulator for approval in Q2 2018: the purpose was to ensure the relevance of the period obtained following the method based on the weighting of historical shocks by computing an approached VaR on the same selection of risk factors representative of the portfolio. The ECB validated this new method at the end of 2021: thus, in 2022 it will be used to determine the new historical window.

(11) Cross Inter Maturity.

20221108801528

NOTE 10.5 - STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

DEFINITION

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 is to reduce structural interest rate and exchange rate risks to the greatest possible extent within the consolidated entities. 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.

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 defense. The ALM department of the Risk Department assumes the role of second line of defense supervision.

1.1 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 and the adjustments proposed by the Group's Finance Department.

1.2 THE ALM DEPARTMENT WITHIN THE GROUP FINANCE DIVISION

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite to structural risks;
- 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.

20221108015529

1.3 THE ALM RISK CONTROL DEPARTMENT WITHIN THE RISK DIVISION

The second-level supervision of the ALM models used within the Group and of associated frameworks is provided by a dedicated service within the Risk Department. Accordingly, 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)/Service Units (SU);
- validation of ALM models by delegation of MRM;
- defining the normative environment of the structural risk metrics, modelling and framing methods;

Finally, the Risk Department chairs the Group model validation Committee and the Group ALM norms validation Committee.

1.4 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.

An ALM manager reporting to the Finance Department in each entity is responsible for monitoring these risks (first-level control). This manager is responsible for reporting ALM risks to the Group Finance Department. All entities 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.

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.

2.1 THE GROUP'S OBJECTIVE

The objective of managing structural interest rate risk is to reduce of exposure of each Group entity as much as possible.

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.

2.2 MEASUREMENT AND MONITORING OF 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).

20221108081530

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:

- orientation of the commercial policy so as to offset 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 2021, the main conventions/models applicable for the calculation of interest rate risk measurements are:

- linear annual flow over 10 years for equity;
- models – sometimes rate dependent – on part of the deposits without a maturity date leading to a total duration around 3.25 years – the schedule being able in certain cases to reach 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) 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.

The non-over-hedging tests and hedged items non-disappearing tests make the link between the balance sheet available assets or liabilities outstanding and the amount of assets and liabilities outstanding designated as hedged. The prospective non-over-hedging test is satisfied when the net outstanding amount of the swaps is lower for each maturity band and on each measurement date than the determined outstanding amount of items eligible to fair value hedge. The estimated outstanding may be defined as the outstanding amount resulting from ALM projections. The non-over-hedging a posteriori test is performed in two stages: the first stage is the same as the a priori test but on the outstanding amount eligible to fair value hedge on closing date, new production excluded, then the second stage is called the non-disappearance of

20221108015311

the hedged item test and consists in verifying that the hedgeable position is always at least as significant as the maximum position that had initially been hedged.

The effectiveness of the hedge is then determined using the dollar offset method. The sources of ineffectiveness result from the last fixing of the variable leg of the hedging swaps, the bi-curve valorisation of the collateralised hedging instruments, possible mismatches in the cash flows payment dates and counterparty risk on hedging instruments valorisation.

The Group's sensitivity to changes in interest rates as at 31 December 2021 is EUR 20 million (for an instantaneous and parallel increase in interest rates of 0.1%).

SENSITIVITY OF THE GROUP'S VALUE TO AN INTEREST RATE VARIATION OF +10 BPS

(In EUR m)	**Total**
Amount of sensitivity (31.12.2021)	**(20)**
Amount of sensitivity (31.12.2020)	345

3. STRUCTURAL EXCHANGE RATE RISK

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 at 31 December 2021, it amounted to 13.53%. Of the EUR 363 billion in RWA, EUR 111 billion relate to exposures in currencies other than the euro.

As such:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;
- the exposures related to net investments in foreign currencies and the associated net results are partially hedged at central level. A position in each foreign currency generating RWA is intentionally maintained open by the Finance department at the Group CET1 ratio targeted level. Hedges are realised using cash lending and borrowing, forward and swap instruments in the subsidiaries' currencies and accounted for as net investment hedges (see Note 3.2).
- the Group's net consolidated structural foreign exchange position as at 31 December 2021 is equivalent to EUR 12,832 million, of which 45% comes from the USD, and around 79% is concentrated in six currencies: USD, GBP, RUB, CZK, MAD and XOF.

For each currency, the difference between actual and target exposure is governed by limits validated by the Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of ±10bps per currency are framed.

20221108015532

NOTE 10.6 - LIQUIDITY RISK

DEFINITION

Liquidity risk is defined as the risk that the bank cannot meet its financial obligations. It is measured across different time horizons, under various assumptions (normal conditions and stressed scenarios). Funding risk is defined as the risk that the Group cannot maintain over time the appropriate amount of funding to support its assets and at a reasonable cost.

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 set up ensures that both regulatory requirements and the risk appetite set by the Group are met.

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- mutualising resources, optimising costs and ensuring consistent risk management by centralising liquidity and funding management at the Corporate centre level, mainly in the name of the mother company (Societe Generale SA). For that purpose, Business Units have tight constraints in terms of the transformation position they can run, hence need to match their assets and liabilities by transacting with the Corporate centre, along a Funds Transfer Pricing mechanism. Assets or liabilities which do not have a set contractual maturity (e.g. sight deposits) have their maturity assessed along quantitative models or conventions proposed by the Finance Division and by the Business Units and validated by the Risk Division (see below);
- planning for funding resources in consideration of both the business development objectives and the risk appetite set by the Board of Directors. See below the "Funding Plan" chapter in section 2;
- ensuring that funding risks are mitigated through a proper diversification of funding resources in terms of currencies, investor pools, maturity buckets, liability format (e.g. benchmark bond issuance, with a split along various seniority levels, issuance in the form of structured notes, issuance in the form of unsecured and secured notes). In order to optimise funding costs, the majority of bond issuance is made in the name of the mother company. However, a degree of diversification is sought by leveraging the capacity of some subsidiaries to raise funds in a way which complements the mother company's funding, *i.e.* raising funds from local investors in local currencies;
- ensuring that Societe Generale keeps liquid reserves in sufficient amount to comply with the survival horizon under stress set by the Board of Directors. Liquid reserves are in the form of cash held at central banks and highly liquid securities, split between the Banking Book (under the direct or indirect ownership of the Group Treasury Department) or the Trading Book (mainly within the Global Markets division, under a permanent control of the Group Treasury Department);
- ensuring Societe Generale has readily available remediation options to face potential stress situations, through a Group-wide contingency plan (which leaves aside insurance activities, which have their separate contingency arrangements) aimed at detecting any stress signals at an early stage and defining in advance the crisis management setup and mitigation options.

20221108801533

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 without a set contractual maturity 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 targets for key metrics, and related alert thresholds 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, with a specific focus on the LCR in US dollar, 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 (proper matching of assets and liabilities, in tenors up to 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;
- maintenance by the Group Treasury Department and validation by the Finance Committee of a Funds Transfer Pricing framework, aimed at making funding grids available at any time for Business Units to transact with the Corporate center to upstream their liquidity surplus or borrow cash so that they fund their activities within their transformation position limits;
- production and broadcasting 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 weekly 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

20221108015534

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...), supplemented by an assessment of the adequacy of the Group's liquidity.

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 budget targets, including targets related to scarce resources such as liquidity usage and funding (definition of the funding plan),
  - 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 Group Finance Division, which is responsible for the liquidity and funding risks as First Line of Defense, interacting closely with Business Units. Within the Group Finance Division, 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 overseeing management of the Group's scarce resources, including liquidity, within the Group's risk appetite and budget targets,

20221108015535

  - 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 modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book.
- also sitting with the Group Finance Division, 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 performs all second line of defense functions, in particular leads the risk identification process, designs the structure and the calibration of the liquidity and funding risks control framework and monitors compliance with related thresholds and limits. It also validates liquidity models and conventions.