Supplemental Listing Document

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

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

13,400,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of AIA Group Limited

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.60 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 16 June 2023 including such further base listing documents as may be issued from time to time, as supplemented by an addendum dated 28 July 2023 and an addendum dated 8 March 2024 (the "**Base Listing Document**"), for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

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

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

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 16 June 2023 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 25 April 2024.

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

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

24 April 2024

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

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

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

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

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

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

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

Table of Contents

RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 37 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

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

(m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens (including pre-opening session or opening auction, as the case may be) the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 53 to 54 of this document for more information;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Certificates may be terminated prior to its Expiry Date for the following reasons which are not exhaustive: Illegality and force majeure, occurrence of a Holding Limit Event (as defined in the Conditions of the Certificates) or Hedging Disruption (as defined in the Conditions of the Certificates). For more detailed examples of when early termination may occur, please refer to the FAQ section under the "Education" tab on the website at dlc.socgen.com.

The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be substantially less than the amount initially invested, and at the worst case, be zero. Investors may refer to the Condition 13 on pages 38 to 41 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

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

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

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

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

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

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

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

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the reform of HIBOR may adversely affect the value of the Certificates

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

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

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

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

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

(cc) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

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

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

(dd) U.S. withholding tax

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

(ee) risk factors relating to the BRRD

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

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

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal will be discussed and amended by the European Parliament and the European Council before being final and applicable. If the Commission proposal was adopted as is, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power. The proposal may also lead to a rating downgrade for senior preferred debt instruments.

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

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

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	13,400,000 European Style Cash Settled Long Certificates relating to the ordinary shares of AIA Group Limited traded in HKD (the "**Underlying Stock**")
ISIN:	LU2517559816
Company:	AIA Group Limited (RIC: 1299.HK)
Underlying Price[3] and Source:	HK$50.45 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	7.50%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	18 April 2024
Closing Date:	24 April 2024
Expected Listing Date:	25 April 2024

[3] These figures are calculated as at, and based on information available to the Issuer on or about 24 April 2024. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 24 April 2024.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 15 April 2025
Expiry Date:	23 April 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	22 April 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: “**t**” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

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

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

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

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 20 to 26 below.

Initial Exchange Rate[3]: 0.1737

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

	the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents an approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 24 to 26 below and the "Description of Air Bag Mechanism" section on pages 51 to 52 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX

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

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

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

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

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

<u>Leverage Strategy Formula</u>

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows:

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.10%

"Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \ \%\mathrm{SpreadLevel_t}$$

$\mathbf{Rfactor_t}$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

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

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

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

$\%\mathbf{SpreadLevel_t}$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.

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

DayCountBasisRate 365

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

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

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

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

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

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

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

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

Administrator/ Benchmark Event means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s) means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

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

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

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

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

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

$\mathbf{ILSL_{IR(k)}}$ means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions:

(1) for k = 1:

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

(2) for k > 1:

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

$\mathbf{ILR_{IR(k-1),IR(k)}}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows:

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

$\mathbf{IRC_{IR(k-1),IR(k)}}$	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows: $\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left\|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right\|\right) \times \mathrm{TC}$
$\mathbf{IS_{IR(k)}}$	means the Underlying Stock Price in respect of IR(k) computed as follows: (1) for k=0 $\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$ (2) for k=1 to n means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period (3) with respect to IR(C) $\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$ In each case, subject to the adjustments and provisions of the Conditions.
IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t): (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

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

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

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

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

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

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 16 June 2023, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

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

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

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

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

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

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

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

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

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

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

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

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

(the "**Statutory Bail-In**");

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

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

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

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

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

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

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

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

For the purposes of this Condition:

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

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

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

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

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

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

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

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

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

3. Expiry Date

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

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

"**Settlement Disruption Event**" means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the "SG Group"), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

"**Computer System**" means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

"**Data**" means any digital information, stored or used by the Computer System, including confidential data.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

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

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

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

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying

Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

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

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

For the purposes of this Condition:

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

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

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

For the purposes of this Condition:

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

(c) *Early Termination for Hedging Disruption*. If the Issuer or any of its affiliates is, following commercially reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any Hedge Positions (as defined below) or (ii) to freely realize, recover, receive, repatriate, remit, regain or transfer the proceeds of any Hedge Position (where either (i) or (ii) shall constitute a "**Hedging Disruption**"), the Issuer may terminate the Certificates early in accordance with Condition 13(e) provided that the intrinsic value on the previous trading day of the relevant Certificate is at or above the Issue Price. The Issuer's decision on whether a Hedging Disruption has occurred is final and conclusive. For the avoidance of doubt, Hedging Disruptions shall include the scenario where any Hedge Position cannot be maintained up to the amount necessary to cover all of the Issuer's obligations under the Certificates.

For the purposes hereof, "**Hedge Positions**" means any one or more commercially reasonable (i) positions (including long or short positions) or contracts in, or relating to, securities, options, futures, other derivatives contracts or foreign exchange, (ii) stock loan or borrowing transactions or (iii) other instruments, contracts, transactions or arrangements (howsoever described) that the Issuer or any of its affiliates determines necessary to hedge, individually or on a portfolio basis, any risk (including, without limitation, market risk, price risk, foreign exchange risk and interest rate risk) in relation to the assumption and fulfilment of the Issuer's obligations under the Certificates.

(d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(e) *Termination*. If the Issuer terminates the Certificates early, the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The determination of the fair market value may deviate from the determination of the Cash Settlement Amount under different scenarios, including but not limited to, where (i) the Daily Reset (as defined in the relevant Supplemental Listing Document) mechanism is suspended and/or (ii) the Final Reference Level is determined based on the closing price of the Underlying Stock on multiple Underlying Stock Business Days or Exchange Business Days, as the case may be. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

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

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

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

15. Governing Law

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

16. Prescription

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

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

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

SUMMARY OF THE ISSUE

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

Issuer:	SG Issuer
Company:	AIA Group Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	13,400,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 16 June 2023 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent (as amended and/or supplemented from time to time).
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 25 April 2024.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

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

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

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

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

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

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

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

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

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) <u>For Certificate Holders who hold the Certificates overnight</u>: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

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

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

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

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

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

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

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

Underlying Stock:	Ordinary shares of AIA Group Limited traded in HKD
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.60 SGD**
Notional Amount per Certificate:	**0.60 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**7.50%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

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

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

$$\mathrm{HFF}\ (1) =\ 100\%\ \times\left(1-\ 0.40\%\ \times\frac{1}{360}\right)\times\left(1-\ 7.50\%\ \times\frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) =\ 100\%\ \mathrm{x}\ 99.9989\%\ \mathrm{x}\ \ 99.9792\%\ \ \approx\ \ 99.9781\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

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

$$\text{HFF}(2) = 99.9781\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 7.50\% \times \frac{3}{360}\right)$$

$$\text{HFF}(2) = 99.9781\% \text{ x } 99.9967\% \text{ x } 99.9375\% \approx 99.9122\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6713% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9781%
5/7/2018	99.9561%
6/7/2018	99.9342%
9/7/2018	99.8684%
10/7/2018	99.8465%
11/7/2018	99.8246%
12/7/2018	99.8027%
13/7/2018	99.7808%
16/7/2018	99.7151%
17/7/2018	99.6932%
18/7/2018	99.6713%

Cash Settlement Amount

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

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

= [(1200 x 1) / (1000 x 1) – 0] x 99.6713%

= 119.61%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.61% x 0.60 SGD

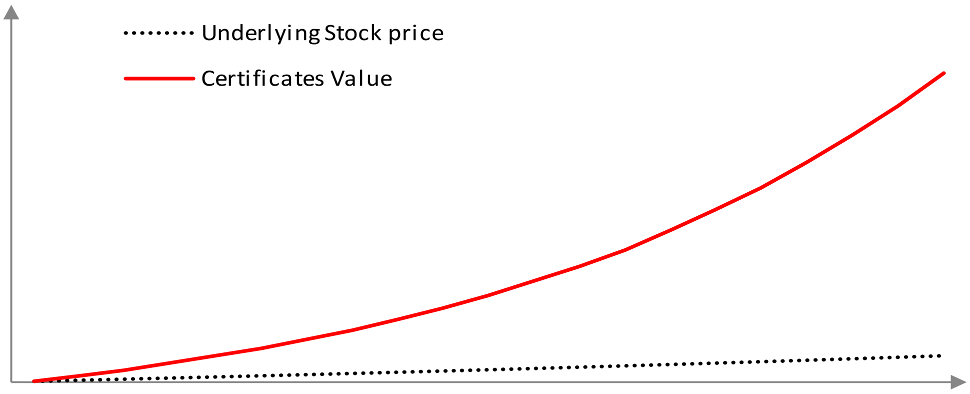
= 0.718 SGD

Illustration on how returns and losses can occur under different scenarios

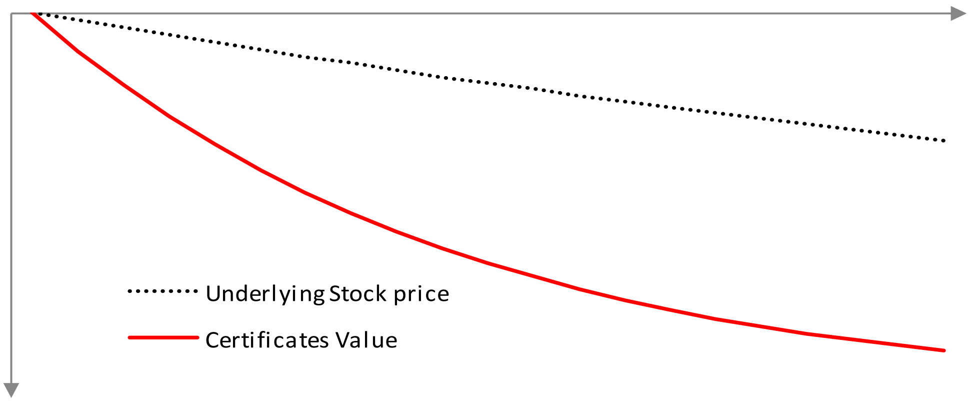
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. <u>Illustrative examples</u>

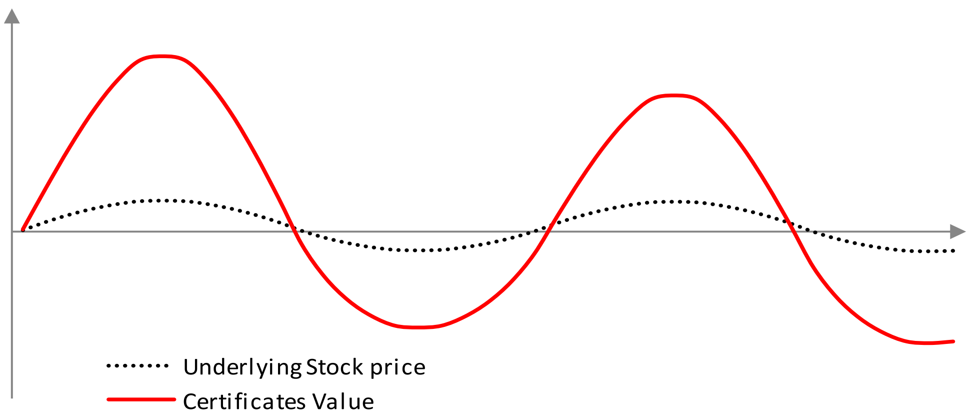
<u>Scenario 1 – Upward Trend</u>



<u>Scenario 2 – Downward Trend</u>



<u>Scenario 3 – Volatile Market</u>



2. Numerical Examples

Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.60	0.66	0.73	0.80	0.88	0.97
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.60	0.54	0.49	0.44	0.39	0.35
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.60	0.66	0.59	0.65	0.59	0.65
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

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

When the Air Bag triggers, this is followed by a period which is divided into two sub-periods:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is less than 15 minutes of continuous trading until Market Close when the Air Bag Mechanism is triggered; and
- Reset Period: the Leverage Strategy is then reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of at least 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

For the avoidance of doubt, if the Air Bag Mechanism was triggered more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes or less of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

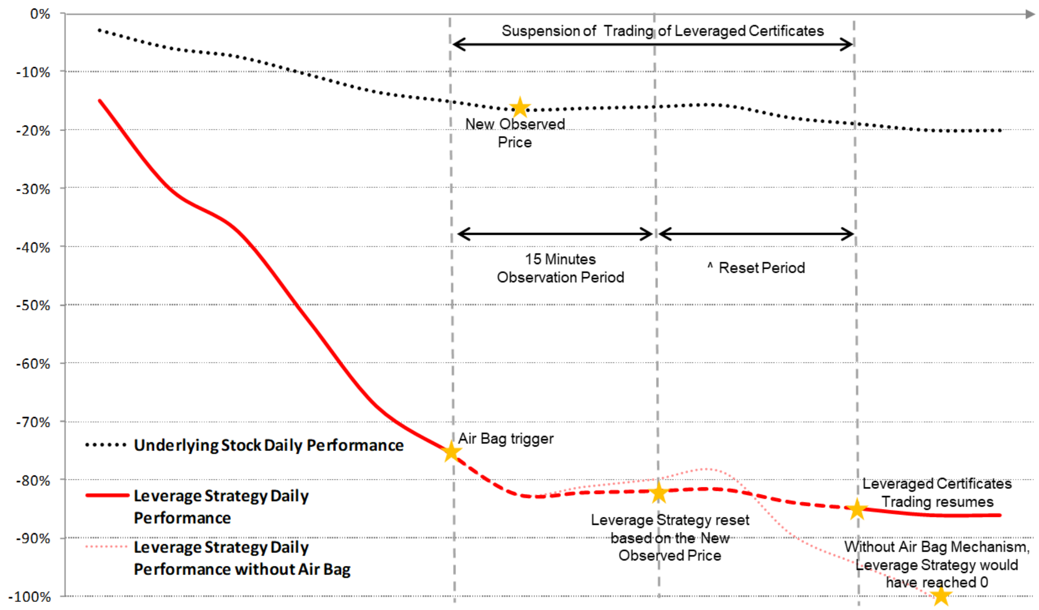
With **Market Close** defined as:

- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and

- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

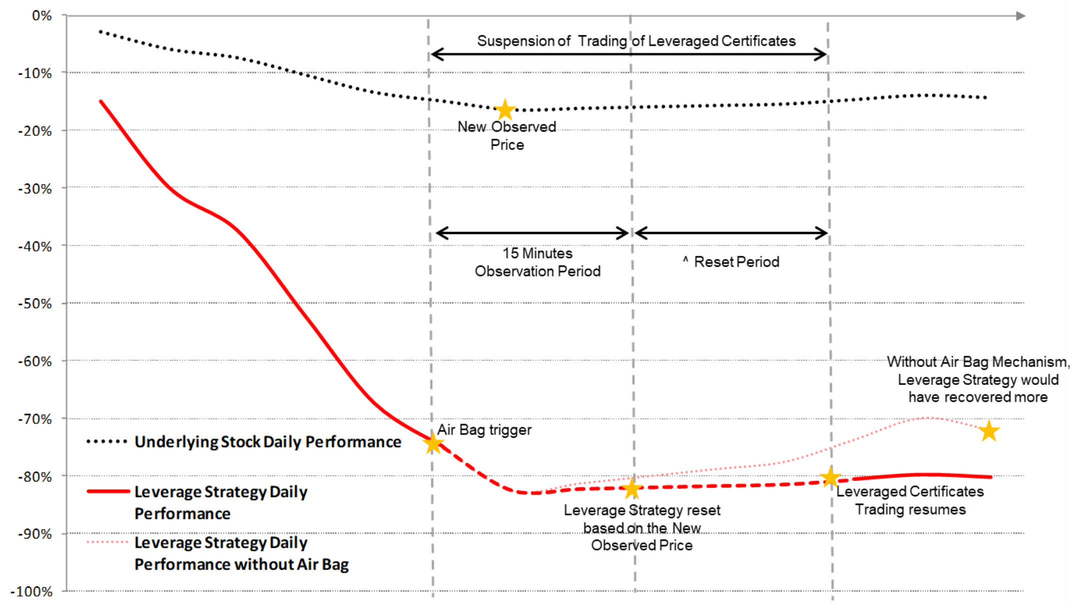
Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Downward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

Scenario 2 – Upward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

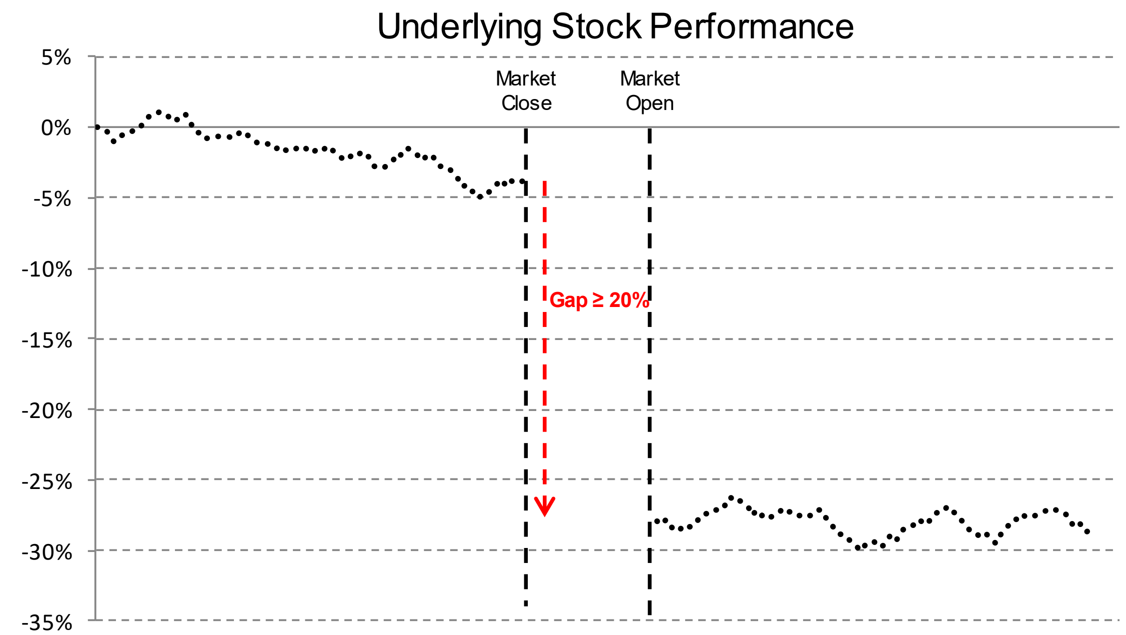
[9] The illustrative examples are not exhaustive.

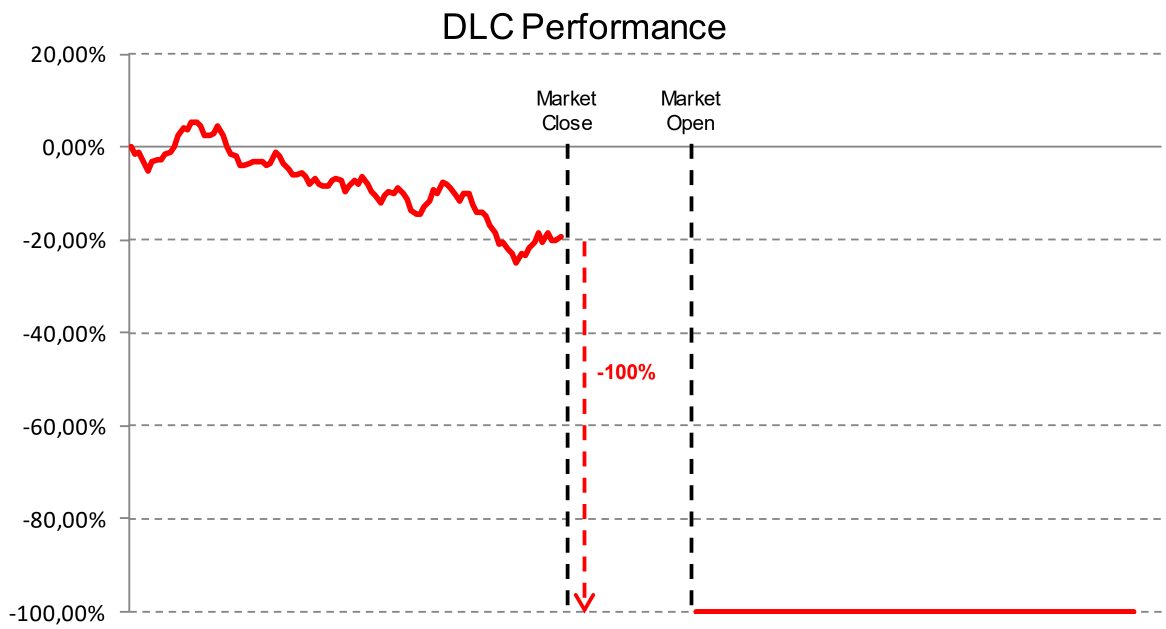
Scenarios where the investor may lose the entire value of the investment

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

Scenario 1 – Overnight fall of the Underlying Stock

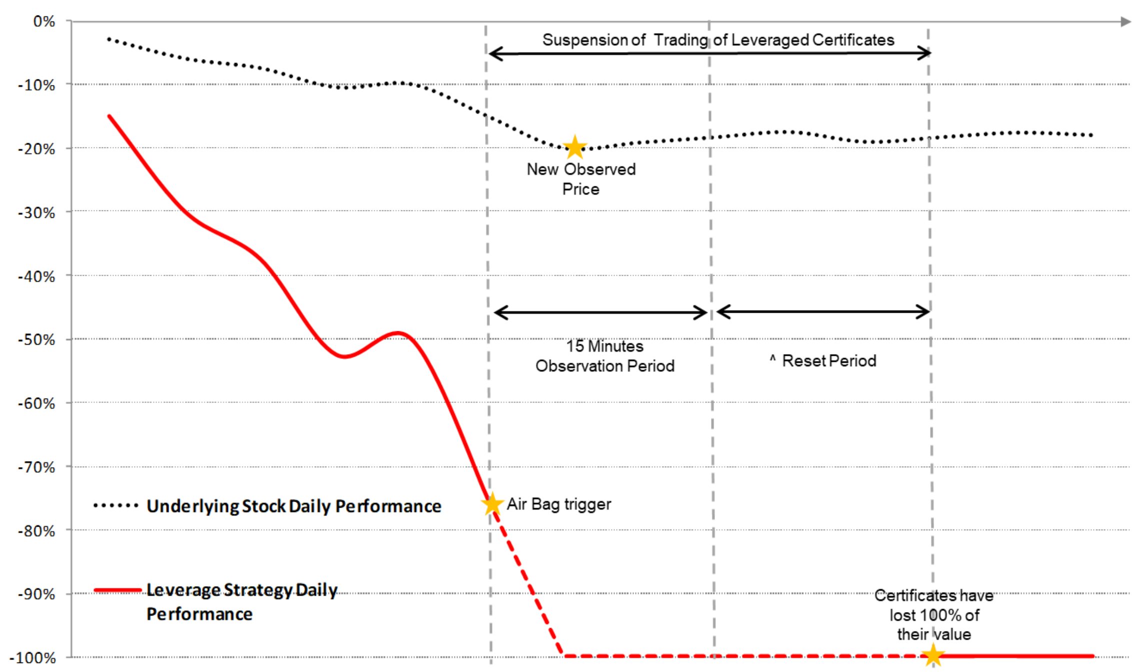
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more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





Scenario 2 – Sharp intraday fall of the Underlying Stock

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



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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

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

Where:

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

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

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

1. Stock split

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

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

$\mathrm{S_t}$ = $51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.66	10%

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

2. Share Consolidation

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

S_{t-1} = $100

S_t = $202

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.63	5%

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

3. <u>Rights Issues</u>

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

S_{t-1} = $100

S_t = $84

$Div_t = \$0$

$DivExc_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.75	25%

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

4. Bonus Issues

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

$\mathrm{S}_{\mathrm{t}-1}$ = \$100

S_{t} = \$85

$\mathrm{Div}_{\mathrm{t}} = \$0$

$\mathrm{DivExc}_{\mathrm{t}} = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

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

As a consequence:

$$\mathrm{LR}_{\mathrm{t}-1,\mathrm{t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S}_{\mathrm{t}}}{\mathrm{S}_{\mathrm{t}-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.66	10%

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

5. Extraordinary Dividend

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

$\mathrm{S}_{\mathrm{t}-1}$ = \$100

S_{t} = \$84

$\mathrm{Div}_{\mathrm{t}} = \$0$

$\mathrm{DivExc}_{\mathrm{t}} = \$20$

R = \$0

M = 0

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.75	25%

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

INFORMATION RELATING TO THE COMPANY

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

AIA Group Limited (the "**Company**") is an investment holding company principally engaged in the provision of life insurance. The products and services mainly include life insurance, accident and health insurance and savings plans, as well as employee benefits, credit insurance and pension services to corporate clients. The Company operates through eight business segments: Hong Kong, Thailand, Singapore, Malaysia, China, Korea, Other Markets and Group Corporate Centre. Other Markets segment includes the operations in Australia, Indonesia, New Zealand, the Philippines, Sri Lanka, Taiwan, Vietnam and India.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 and has been extracted and reproduced from an announcement by the Company released on 12 April 2024 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

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

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

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

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

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the Guarantor's audited consolidated financial statements for the year ended 31 December 2023.

SUPPLEMENTAL GENERAL INFORMATION

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

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 30 June 2023 or the Guarantor since 31 December 2023, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

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

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

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

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale,

Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the Base Listing Document (which can also be viewed at: https://www.sgx.com/securities/prospectus-circulars-offer-documents);

(e) this document; and

(f) the Guarantee.

PLACING AND SALE

General

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

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

Singapore

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

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

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

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

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

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

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

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

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

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

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

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

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 OF AIA GROUP LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 and has been extracted and reproduced from an announcement by the Company released on 12 April 2024 in relation to the same.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF AIA GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of AIA Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 156 to 324, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified relate to the valuation of insurance contract liabilities.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
Refer to the following notes in the consolidated financial statements: Note 2.3 for related accounting policies, Note 3 for critical accounting estimates and judgements and Note 24 'Insurance contracts and reinsurance contracts held'.	
As at 31 December 2023, the Group has insurance contract liabilities of US$203,271 million. The Management's valuation of these insurance contract liabilities which are measured as the total of fulfilment cash flows ("FCF") and contractual service margin ("CSM"), involves significant judgement about uncertain future outcomes including the development of significant actuarial assumptions and methodologies. **(a) Fulfilment cash flows** FCF are determined using assumptions as at the valuation date. In addition, for insurance contracts with significant financial options and guarantees, stochastic modelling techniques are applied in measuring those contracts' FCF. Therefore, these liabilities are subject to significant estimation uncertainty and the associated inherent risk is considered significant.	The work to address the valuation of insurance contract liabilities including the following audit procedures: **(a) Fulfilment cash flows** • We performed the following procedures over actuarial methodologies: o Understood and evaluated the design of the controls in place over the determination of actuarial methodologies used and material model changes; o Obtained the methodology documentation and reviewed the appropriateness of material changes identified; and o Performed testing on a sample basis to verify the material changes to the methodology are reflected in the actuarial models (as applicable).

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

pwc

羅兵咸永道

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (continued)	
(a) Fulfilment cash flows (continued) As part of our consideration of assumptions, we have focused on assumptions that has a significant impact to the measurement of FCF. We have, in relation to actuarial methodologies used, focused on changes in methodologies from the prior year as well as methodologies applied to material new product types (as applicable).	**(a) Fulfilment cash flows** (continued) • We assessed the reasonableness of the significant assumptions. Our assessment of the assumptions included: o Understood and evaluated the design of the controls in place to determine the assumptions and data inputs used in determining these assumptions; o Examined the approach used by management to derive the assumptions by applying our industry knowledge and experience; and o Challenged the significant assumptions used by management against past experience, market observable data (as applicable) and our experience of market practice.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

pwc 羅兵咸永道

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (continued)	
(b) Contractual Service Margin The CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts. The release of CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period. Coverage units in turn are determined by factors including the quantity of services provided and time value of money. Management applied judgement to identify the service provided and then determine the quantity of services provided. As part of our audit we have focused on the determination of coverage units as it is subject to a higher degree of judgement and the associated inherent risk is considered significant.	**(b) Contractual Service Margin** In addition to the procedures performed over the underlying fulfilment cash flows, we have also: • Understood and evaluated the design of the controls in place over the process including the basis used to identify the services and to determine the quantity of services provided; • Assessed the appropriateness of the different services identified by management, by reviewing the terms and benefits features of insurance contracts issued on a sample basis; and • Assessed the appropriateness of the determination of coverage units by management in respect of the services to be provided against relevant market publications. Based upon the work performed, we found the methodologies, assumptions and judgments used in relation to insurance contract liabilities to be appropriate.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

pwc 羅兵咸永道

Other Information

The Directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The Group has prepared Supplementary Embedded Value Information as at and for the year ended 31 December 2023 in accordance with the embedded value basis of preparation set out in Sections 4 and 5 of the Supplementary Embedded Value Information, on which we issued a separate auditor's report to the Board of Directors of the Company dated 14 March 2024.

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

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and IFRS Accounting Standards issued by the IASB and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

pwc 羅兵咸永道

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ling Tung Man, Tom.

PricewaterhouseCoopers

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

14 March 2024

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED INCOME STATEMENT

US$m	Notes	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Insurance revenue	8, 24	**17,514**	16,319
Insurance service expenses	10, 24	**(12,078)**	(10,434)
Net expenses from reinsurance contracts held	24	**(345)**	(419)
Insurance service result		**5,091**	5,466
Interest revenue on	9		
Financial assets not measured at fair value through profit or loss		**4,062**	3,837
Financial assets measured at fair value through profit or loss		**3,758**	3,430
Other investment return	9	**4,941**	(38,647)
Net impairment loss on financial assets	9	**(195)**	(233)
Investment return	9	**12,566**	(31,613)
Net finance (expenses)/income from insurance contracts	9	**(10,456)**	30,957
Net finance income from reinsurance contracts held	9	**65**	67
Movement in investment contract liabilities	9, 25	**(572)**	1,106
Movement in third-party interests in consolidated investment funds	9	**(56)**	34
Net investment result	9	**1,547**	551
Fee income		**114**	138
Other operating revenue		**294**	301
Other expenses	10	**(1,752)**	(1,896)
Other finance costs	10	**(463)**	(385)
Profit before share of losses from associates and joint ventures		**4,831**	4,175
Share of losses from associates and joint ventures		**(267)**	(121)
Profit before tax		**4,564**	4,054
Tax expense	11	**(783)**	(689)
Net profit		**3,781**	3,365
Net profit attributable to:			
Shareholders of AIA Group Limited		**3,764**	3,331
Non-controlling interests		**17**	34
Earnings per share (US$)			
Basic	12	**0.33**	0.28
Diluted	12	**0.33**	0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net profit	**3,781**	3,365
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on financial assets at fair value through other comprehensive income (net of tax of: 2023: US$(997)m; 2022: US$1,788m)	**3,589**	(10,519)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: 2023: US$20m; 2022: US$(26)m)	**95**	455
Foreign currency translation adjustments	**(215)**	(1,490)
Cash flow hedges	**(8)**	(3)
Net finance (expenses)/income from insurance contracts (net of tax of: 2023: US$1,403m; 2022: US$(1,164)m)	**(4,400)**	3,394
Net finance income/(expenses) from reinsurance contracts held (net of tax of: 2023: US$(51)m; 2022: US$(3)m)	**60**	(251)
Share of other comprehensive expense from associates and joint ventures	**(496)**	(530)
Subtotal	**(1,375)**	(8,944)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gains on property held for own use (net of tax of: 2023: US$(19)m; 2022: US$(2)m)	**28**	60
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: 2023: US$2m; 2022: US$(6)m)	**(8)**	25
Subtotal	**20**	85
Total other comprehensive expense	**(1,355)**	(8,859)
Total comprehensive income/(expense)	**2,426**	(5,494)
Total comprehensive income/(expense) attributable to:		
Shareholders of AIA Group Limited	**2,417**	(5,497)
Non-controlling interests	**9**	3

Note:

(1) Where applicable, amounts are presented net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$m	Notes	As at 31 December 2023	As at 31 December 2022 (restated)	As at 1 January 2022 (restated)
Assets				
Intangible assets	14	**3,615**	3,277	2,914
Investments in associates and joint ventures	15	**1,331**	2,056	831
Property, plant and equipment	16	**4,058**	2,844	2,744
Investment property	17	**4,504**	4,600	4,716
Insurance contract assets	24	**1,457**	2,037	3,681
Reinsurance contract assets	24	**6,047**	5,763	6,436
Financial investments:	18, 20, 42			
At amortised cost				
Debt securities		**2,165**	1,787	1,476
Loans and deposits		**3,723**	4,566	5,434
At fair value through other comprehensive income				
Debt securities		**88,612**	86,060	103,580
At fair value through profit or loss				
Debt securities		**86,981**	77,496	94,916
Loans and deposits		**272**	279	297
Equity shares		**19,287**	23,378	30,817
Interests in investment funds and exchangeable loan notes		**47,166**	38,577	40,243
Derivative financial instruments	19, 42	**752**	568	1,468
		248,958	232,711	278,231
Deferred tax assets	11, 42	**301**	229	104
Current tax recoverable	42	**207**	117	120
Other assets	21, 42	**4,316**	4,524	6,486
Cash and cash equivalents	22, 42	**11,525**	8,020	4,989
Assets in disposal group held for sale	42	**–**	4,293	–
Total assets		**286,319**	270,471	311,252
Liabilities				
Insurance contract liabilities	24, 42	**203,271**	181,851	217,773
Reinsurance contract liabilities	24, 42	**336**	384	709
Investment contract liabilities	25, 42	**9,170**	9,092	13,896
Borrowings	26	**11,800**	11,206	9,588
Obligations under repurchase agreements	27	**3,461**	1,748	1,588
Derivative financial instruments	19, 42	**8,035**	8,638	1,392
Provisions	29	**174**	153	186
Deferred tax liabilities	11, 42	**3,204**	3,409	4,103
Current tax liabilities		**387**	467	389
Other liabilities	30, 42	**4,887**	4,264	5,121
Liabilities in disposal group held for sale	42	**–**	4,111	–
Total liabilities		**244,725**	225,323	254,745

US$m	Notes	As at 31 December 2023	As at 31 December 2022 (restated)	As at 1 January 2022 (restated)
Equity				
Share capital	31	**14,176**	14,171	14,160
Employee share-based trusts	31	**(367)**	(290)	(225)
Other reserves	31	**(11,788)**	(11,812)	(11,841)
Retained earnings		**44,333**	46,499	48,997
Other comprehensive income		**(5,243)**	(3,896)	4,932
Total equity attributable to:				
Shareholders of AIA Group Limited		**41,111**	44,672	56,023
Non-controlling interests	32	**483**	476	484
Total equity		**41,594**	45,148	56,507
Total liabilities and equity		**286,319**	270,471	311,252

Approved and authorised for issue by the Board of Directors on 14 March 2024.

Lee Yuan Siong
Director

Edmund Sze-Wing Tse
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

						Other comprehensive income						
US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2023 (restated)		**14,171**	**(290)**	**(11,812)**	**46,499**	**(3,737)**	**(2,735)**	**1,238**	**1,279**	**59**	**476**	**45,148**
Net profit		–	–	–	3,764	–	–	–	–	–	17	3,781
Fair value gains on financial assets at fair value through other comprehensive income		–	–	–	–	3,581	–	–	–	–	8	3,589
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		–	–	–	–	95	–	–	–	–	–	95
Foreign currency translation adjustments		–	–	–	–	–	(213)	–	–	–	(2)	(215)
Cash flow hedges		–	–	–	–	–	–	–	–	(8)	–	(8)
Net finance expenses from insurance contracts		–	–	–	–	–	–	(4,386)	–	–	(14)	(4,400)
Net finance income from reinsurance contracts held		–	–	–	–	–	–	60	–	–	–	60
Share of other comprehensive income/(expense) from associates and joint ventures		–	–	–	–	577	(2)	(1,071)	–	–	–	(496)
Revaluation gains on property held for own use		–	–	–	–	–	–	–	28	–	–	28
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	–	(8)	–	(8)
Total comprehensive income/(expense) for the year		–	–	–	3,764	4,253	(215)	(5,397)	28	(16)	9	2,426
Dividends	13	–	–	–	(2,293)	–	–	–	–	–	(19)	(2,312)
Share buy-back		–	–	–	(3,637)	–	–	–	–	–	–	(3,637)
Shares issued under share option scheme and agency share purchase plan		5	–	–	–	–	–	–	–	–	–	5
Increase in non-controlling interests		–	–	(15)	–	–	–	–	–	–	17	2
Share-based compensation		–	–	77	–	–	–	–	–	–	–	77
Purchase of shares held by employee share-based trusts		–	(115)	–	–	–	–	–	–	–	–	(115)
Transfer of vested shares from employee share-based trusts		–	38	(38)	–	–	–	–	–	–	–	–
Balance at 31 December 2023		**14,176**	**(367)**	**(11,788)**	**44,333**	**516**	**(2,950)**	**(4,159)**	**1,307**	**43**	**483**	**41,594**

Note:

(1) Where applicable, amounts are presented net of tax.

						Other comprehensive income						
US$m	Notes	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2022, as previously reported		14,160	(225)	(11,841)	49,984	8,407	(1,068)	–	1,069	(19)	467	60,934
Impact of initial adoption of IFRS 9 and IFRS 17	43	–	–	–	(1,208)	(1,766)	–	(1,895)	369	56	17	(4,427)
Retrospective adjustments for amendment to IAS 16	43	–	–	–	221	–	–	–	(221)	–	–	–
Balance at 1 January 2022 (restated)		14,160	(225)	(11,841)	48,997	6,641	(1,068)	(1,895)	1,217	37	484	56,507
Net profit		–	–	–	3,331	–	–	–	–	–	34	3,365
Fair value losses on financial assets at fair value through other comprehensive income		–	–	–	–	(10,499)	–	–	–	–	(20)	(10,519)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		–	–	–	–	455	–	–	–	–	–	455
Foreign currency translation adjustments		–	–	–	–	–	(1,469)	–	–	–	(21)	(1,490)
Cash flow hedges		–	–	–	–	–	–	–	–	(3)	–	(3)
Net finance income from insurance contracts		–	–	–	–	–	–	3,384	–	–	10	3,394
Net finance expenses from reinsurance contracts held		–	–	–	–	–	–	(251)	–	–	–	(251)
Share of other comprehensive (expense)/income from associates and joint ventures		–	–	–	–	(334)	(198)	–	2	–	–	(530)
Revaluation gains on property held for own use		–	–	–	–	–	–	–	60	–	–	60
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	–	25	–	25
Total comprehensive income/(expense) for the year (restated)		–	–	–	3,331	(10,378)	(1,667)	3,133	62	22	3	(5,494)
Dividends	13	–	–	–	(2,259)	–	–	–	–	–	(20)	(2,279)
Share buy-back		–	–	–	(3,570)	–	–	–	–	–	–	(3,570)
Shares issued under share option scheme and agency share purchase plan		11	–	–	–	–	–	–	–	–	–	11
Increase in non-controlling interests		–	–	(13)	–	–	–	–	–	–	13	–
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	–	(4)	(4)
Share-based compensation		–	–	80	–	–	–	–	–	–	–	80
Purchase of shares held by employee share-based trusts		–	(103)	–	–	–	–	–	–	–	–	(103)
Transfer of vested shares from employee share-based trusts		–	38	(38)	–	–	–	–	–	–	–	–
Balance at 31 December 2022 (restated)		14,171	(290)	(11,812)	46,499	(3,737)	(2,735)	1,238	1,279	59	476	45,148

Note:

(1) Where applicable, amounts are presented net of tax.

CONSOLIDATED STATEMENT OF CASH FLOWS

US$m	Notes	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Cash flows from operating activities			
Profit before tax		**4,564**	4,054
Adjustments for:			
Financial investments		**(9,435)**	31,199
Insurance contracts		**15,772**	(23,413)
Reinsurance contracts held		**(269)**	(78)
Investment contracts		**(2,718)**	(1,492)
Obligations under repurchase agreements	27	**1,739**	186
Other non-cash operating items, including investment income and the effect of exchange rate changes on certain operating items		**(7,008)**	(8,312)
Operating cash items:			
Interest received		**7,486**	7,246
Dividends received		**1,663**	1,204
Interest paid		**(82)**	(47)
Tax paid		**(793)**	(680)
Net cash provided by operating activities		**10,919**	9,867
Cash flows from investing activities			
Payments for intangible assets	14	**(326)**	(386)
Distribution or dividend from an associate	15	**1**	1
Payments for increase in interest of joint ventures		**(68)**	(11)
Proceeds from sales of investment property and property, plant and equipment	16, 17	**–**	7
Payments for investment property and property, plant and equipment	16, 17	**(1,420)**	(157)
Acquisition/disposal of subsidiaries and disposal group held for sale, net of cash acquired/disposed of		**(324)**	(271)
Net cash used in investing activities		**(2,137)**	(817)
Cash flows from financing activities			
Issuances of medium-term notes and securities	26	**996**	1,818
Redemption of medium-term notes	26	**(500)**	(165)
Proceeds from other borrowings	26	**150**	1,364
Repayment of other borrowings	26	**(114)**	(1,364)
Capital contribution from non-controlling interests		**2**	–
Payments for lease liabilities[1]		**(150)**	(168)
Interest paid on medium-term notes and securities		**(394)**	(330)
Dividends paid during the year		**(2,312)**	(2,279)
Share buy-back		**(3,637)**	(3,570)
Purchase of shares held by employee share-based trusts		**(115)**	(103)
Shares issued under share option scheme and agency share purchase plan		**5**	11
Net cash used in financing activities		**(6,069)**	(4,786)

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net increase in cash and cash equivalents	**2,713**	4,264
Cash and cash equivalents at beginning of the financial year	**8,766**	4,695
Effect of exchange rate changes on cash and cash equivalents	**(29)**	(193)
Cash and cash equivalents at end of the financial year	**11,450**	8,766

Note:

(1) The total cash outflow for leases for the year ended 31 December 2023 was US$157m (2022: US$170m).

Cash and cash equivalents in the above consolidated statement of cash flows can be further analysed as follows:

US$m	Notes	As at 31 December 2023	As at 31 December 2022 (restated)
Cash and cash equivalents in the consolidated statement of financial position	22, 42	**11,525**	8,969
Bank overdrafts		**(75)**	(203)
Cash and cash equivalents in the consolidated statement of cash flows		**11,450**	8,766

1. CORPORATE INFORMATION

AIA Group Limited (the "Company") was established as a company with limited liability incorporated in Hong Kong on 24 August 2009. The address of its registered office is 35/F, AIA Central, No. 1 Connaught Road Central, Hong Kong.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock codes "1299" for HKD counter and "81299" for RMB counter with American Depositary Receipts (Level 1) traded on the over-the-counter market under the ticker symbol "AAGIY".

AIA Group Limited and its subsidiaries (collectively "AIA" or the "Group") is a life insurance based financial services provider operating in 18 markets. The Group's principal activity is the writing of life insurance business, providing life insurance, accident and health insurance and savings plans throughout Asia, and distributing related investment and other financial services products to its customers.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRS), IFRS® Accounting Standards and the Hong Kong Companies Ordinance. IFRS Accounting Standards is substantially consistent with HKFRS and the accounting policy selections that the Group has made in preparing these consolidated financial statements are such that the Group is able to comply with both HKFRS and IFRS Accounting Standards. References to IFRS Accounting Standards, IAS® Standards and IFRIC® Interpretations in these consolidated financial statements should be read as referring to the equivalent HKFRS, Hong Kong Accounting Standards (HKAS) and Hong Kong (IFRIC) Interpretations (HK(IFRIC) – Int) as the case may be. Accordingly, there are not any differences of accounting practice between HKFRS and IFRS Accounting Standards affecting these consolidated financial statements.

The consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2024.

The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income, financial assets and liabilities measured at fair value through profit or loss, derivative financial instruments, property held for own use and investment properties, all of which are carried at fair value. Additionally, insurance and reinsurance contract assets and liabilities are measured using a fulfilment cash flow and contractual service margin (CSM) basis.

The presentation currency of the Company and the Group is the US dollar. The consolidated financial statements are presented in millions of US dollar (US$m) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows.

(a) New amendment and new and revised standards adopted by the Group:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities;
- IFRS 17, Insurance Contracts, replaces IFRS 4, Insurance Contracts; and
- Amendment to IAS 16, Property, Plant and Equipment, consequential to the adoption of IFRS 17.

Additional information on the qualitative and quantitative effects of the adoption of the new and revised accounting standards on the Group's consolidated financial statements is provided in note 43.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation and statement of compliance (continued)

(b) The following relevant new amendments to standards have been adopted for the first time for the financial year ended 31 December 2023 and have no material impact to the Group:

- Amendments to IAS 8, Definition of Accounting Estimates;
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules.

(c) The following relevant new amendments to standards have been issued but are not effective for the financial year ended 31 December 2023 and have not been early adopted (the financial years for which the adoption is required for the Group are stated in parentheses). The Group has assessed the impact of these new amendments on its financial position and results of operations and they are not expected to have a material impact on the financial position or results of operations of the Group:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-current (2024);
- Amendments to IAS 1, Non-current Liabilities with Covenants (2024);
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements (2024);
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback (2024); and
- Amendments to IAS 21, Lack of Exchangeability (2025).

The material accounting policies adopted in the preparation of the Group's consolidated financial statements are set out below. These policies have been applied consistently in all periods presented and the comparative period ended 31 December 2022 has been restated to conform to IFRS 9, IFRS 17 and amendment to IAS 16. The Company's statement of financial position and the statement of changes in equity, as set out in notes 44 and 45 respectively, have been prepared in accordance with the Group's accounting policies.

2.2 Operating profit

The long-term nature of much of the Group's operations means that, for management's decision-making and internal performance management purposes, the Group evaluates its results and its operating segments using a financial performance measure referred to as "operating profit". Operating profit includes among others the expected long-term investment returns for investments in equities and real estate. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value and are disclosed in Supplementary Embedded Value Information. The Group defines operating profit after tax as net profit excluding the following non-operating items:

- Short-term investment and discount rate variances
  - Variances between expected and actual investment returns across relevant asset classes and the corresponding impact on the measurement of relevant insurance contract liabilities;
  - Variances between expected and actual discount rates impacting the measurement of fulfilment cash flows of relevant insurance and reinsurance contract assets and liabilities;
  - Other investment returns; and
- Other significant items that management considers to be non-operating income and expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Operating profit (continued)

The impacts of non-operating items arising from investment assets as well as direct insurance contracts issued and reinsurance contracts held by the Group entities are presented under net investment result in the segment information note. The Group considers that the presentation of operating profit enhances the understanding and comparability of its performance and that of its operating segments. The Group considers that trends can be more clearly identified without the fluctuating effects of these non-operating items, many of which are largely dependent on market factors.

Operating profit is provided as additional information to assist in the comparison of business trends in different reporting periods on a consistent basis and enhance overall understanding of financial performance.

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held

Consistent accounting policies for the measurement and recognition of insurance, reinsurance and investment contracts have been adopted throughout the Group. The Group has elected an accounting policy where the estimates made in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual reporting period.

2.3.1 Insurance contracts, investment contracts with DPF and reinsurance contracts held classification

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts. Some insurance and investment contracts, referred to as traditional participating life business, have DPF, which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses. The Group applies the same accounting policies for the recognition and measurement of obligations arising from investment contracts with DPF as it does for insurance contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain DPF, IFRS 9, Financial Instruments, and, if the contract includes an investment management element, IFRS 15, Revenue from Contracts with Customers, are applied. Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.1 Insurance contracts, investment contracts with DPF and reinsurance contracts held classification (continued)

Certain contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Policyholders may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are expected to be a significant portion of the total contractual benefits;
- the timing or amount of which are contractually at the discretion of the Group; and
- that are contractually based on:
  - the returns on a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
  - the profit or loss of the Group, fund or other entity that issues the contract.

In some jurisdictions traditional participating life business is written in a participating fund which is distinct from the other assets of the company or branch. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation. Other participating business with distinct portfolios refers to business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. The allocation of benefit from the assets held in such other participating business with distinct portfolios is set according to the underlying bonus rule as determined by the relevant Board based on applicable regulatory requirements after considering the Appointed Actuary's recommendation. The extent of such policyholder participation may change over time. The current policyholder participation ratio applied for recognition and measurement of the insurance contract liabilities for locations with participating funds and other participating business with distinct portfolios is set out below.

By Geography	Current policyholder participation
Participating funds	
Mainland China	70%
Singapore	90%
Brunei	80%
Malaysia	90%
Australia	80%
New Zealand	80%
Vietnam	70% – 80%
Other participating business with distinct portfolios	
Hong Kong	70% – 90%

In some jurisdictions participating business is not written in a distinct fund and the Group refers to this as other participating business without distinct portfolios.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.1 Insurance contracts, investment contracts with DPF and reinsurance contracts held classification (continued)

Contracts with direct participation features are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of underlying items.

The Group's products may be divided into the following main categories:

Policy type		Description of benefits payable	Basis of accounting for: Insurance contracts	Basis of accounting for: Investment contracts
Traditional participating life	Participating funds and other participating business with distinct portfolios	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the aggregate amount of which is determined by the performance of a distinct fund of assets and liabilities. The timing of dividend and bonus declarations is at the discretion of the insurer For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends For other participating business with distinct portfolios, the allocation of benefit from the assets held in such distinct portfolios is set according to the underlying bonus rule as determined by the relevant Board based on applicable regulatory requirements after considering the Appointed Actuary's recommendation. The extent of such policyholder participation may change over time	Participating products where there is a distinct portfolio meet the definition of an insurance contract with direct participation features and is measured under an approach commonly referred to as the Variable Fee Approach (VFA) measurement model. The VFA modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee	Investment contracts with DPF are accounted for in the same way as insurance contracts under IFRS 17
	Other participating business without distinct portfolios	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the timing or amount of which are at the discretion of the insurer taking into account factors such as investment experience	The general measurement model is applied to these insurance contracts	Investment contracts with DPF are accounted for in the same way as insurance contracts under IFRS 17
Non-participating life, annuities and other protection products		Benefits payable are not at the discretion of the insurer	The general measurement model is applied to these insurance contracts except for some insurance contracts where the permitted premium allocation approach (PAA) simplification (see note 2.3.7) is applied	Investment contract liabilities are measured at amortised cost
Universal life		Benefits are based on an account balance, credited with interest at a rate set by the insurer, and a death benefit, which may be varied by the customer	The general measurement model is applied to these insurance contracts	Not applicable as such contracts generally contain significant insurance risk
Unit-linked		These may be primarily savings products or may combine savings with an element of protection	Unit-linked products that meet the definition of an insurance contract with direct participation features are measured under the VFA measurement model, otherwise they follow the IFRS 17 general measurement model	Investment contract liabilities under IFRS 9 are measured at fair value (determined with reference to the accumulation value)

The basis of accounting for insurance contracts and reinsurance contracts held is discussed in notes 2.3.2 to 2.3.11 below.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Group separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract or a reinsurance contract held as a stand-alone instrument; and
- distinct investment components – i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into semi-annual cohorts and each semi-annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held (continued)

Reinsurance contracts held

Reinsurance contracts held by the Group cover underlying insurance contracts.

A group of reinsurance contracts held is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: Generally later of the beginning of the coverage period of the group of reinsurance contracts held, or the date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.

2.3.4 Fulfilment cash flows and contract boundaries

Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Further details of the related methodology and assumptions in respect of estimation of fulfilment cash flows are provided in note 24.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Contract boundaries (continued)

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

2.3.5 Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Insurance acquisition cash flows arising before the recognition of the related groups of contracts are recognised as an asset. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the related groups of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at the fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow of the related group; and
- if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss.

The Group recognises any reversal of impairment losses in profit or loss when the impairment conditions no longer exist or have improved.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under the PAA

2.3.6.1 Initial measurement

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Group's non-performance risk.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue. In the case of a business combination, the net outflow is recognised as an adjustment to goodwill or a gain on a bargain purchase for contracts acquired.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

2.3.6.2 Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses for insurance contracts without direct participation features or adjusted against CSM for insurance contracts with direct participation features.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under the PAA (continued)

2.3.6.2 Subsequent measurement (continued)

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for services provided in the period.

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

To determine how to identify a change in discretionary cash flows, the basis is generally determined at inception of the contract. Changes in cash flows arising from the Group's discretion are regarded as relating to future services and accordingly adjust the CSM, these cash flows are determined based on the relevant contract terms, dividend and bonus philosophy.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under the PAA (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of contracts with direct participation features, the Group adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders an amount equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM. The excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, which adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for services provided in the period.

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.7 Measurement – insurance contracts measured under the PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or
- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

2.3.7.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

2.3.7.2 Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Group expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk. In subsequent periods, unless facts and circumstances indicate that the group of contracts is no longer onerous, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component.

The Group recognises the LIC of a group of insurance contracts for the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss for the services received in the period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts held.

For reinsurance contracts held which were acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.9 Transition approaches

The Group adopts both the modified retrospective approach and the fair value approach when it is impracticable to use a full retrospective approach in determining transition amounts at the IFRS 17 transition date.

Contracts measured under the modified retrospective approach

The objective of this approach was to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 fully retrospectively.

Contracts without direct participation features

For relevant groups of contracts without direct participation features,

- The future cash flows on initial recognition were estimated by adjusting the cash flows that were known to have occurred.
- The risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that the Group issued at 1 January 2022.
- When any of these modifications was used to determine the CSM (or the loss component) at initial recognition:
  - the amount of the CSM recognised in profit or loss before 1 January 2022 was determined by comparing the remaining coverage units at 1 January 2022 with the coverage units provided under the group of contracts before that date; and
  - the amount allocated to the loss component before 1 January 2022 determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows and the risk adjustment for non-financial risk on initial recognition.

Contracts with direct participation features

For relevant groups of contracts with direct participation features,

- The Group determined the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group that equal to the fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
  - amounts charged to policyholders (including charges deducted from the underlying items) before 1 January 2022;
  - amounts paid before 1 January 2022 that would not have varied based on the underlying items;
  - the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which was estimated based on an analysis of similar contracts that the Group issued at 1 January 2022; and
  - insurance acquisition cash flows arising before 1 January 2022 that were allocated to the group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.9 Transition approaches (continued)

Contracts measured under the modified retrospective approach (continued)

Contracts with direct participation features (continued)

- If the calculation resulted in a CSM, then the Group measured the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 was determined by comparing the coverage units at 1 January 2022 with the coverage units provided under the group of contracts before that date.
- If the calculation resulted in a loss component, then the Group adjusted the loss component to zero and increased the LRC excluding the loss component by the same amount at 1 January 2022.
- The amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be equal to the cumulative amount recognised in the other comprehensive income on the underlying items as applicable.

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts held covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. For some groups of reinsurance contracts held measured under the modified retrospective approach, the Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts held.

For certain other groups of reinsurance contracts held, the Group did not identify a loss-recovery component because it did not have reasonable and supportable information to do so.

Insurance acquisition cash flows – Modified retrospective approach

Under the modified retrospective approach, the Group identified any insurance acquisition cash flows arising before 1 January 2022 that did not relate to contracts that had ceased to exist before that date. These cash flows were allocated, using the same systematic and rational method, to:

- groups of contracts recognised at 1 January 2022 (which adjusted the CSM of those groups); and
- groups of contracts expected to be recognised after 1 January 2022 (which were recognised as assets for insurance acquisition cash flows).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.9 Transition approaches (continued)

Contracts measured under the fair value approach

For the groups of contracts that are measured under the fair value approach, the Group determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant with considerations of the following:

- estimate of future cash flows that a market participant would expect to incur or receive in fulfilling the liabilities;
- time value of money, represented by the risk-free interest rate plus a spread based on the characteristic of the liabilities;
- premiums that a market participant would require for bearing uncertainty inherent in the cash flows in relation to non-financial risks and compensation that a market participant would require to assume the obligations;
- the non-performance risk relating to those liabilities; and
- other factors that a market participant would take into account in the circumstances.

To the extent possible, the Group maximised the use of relevant market data and information of market transactions in Asia. For the unobservable inputs, the Group used the best information available in the circumstances, which might include the Group's own data.

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a contract with or without direct participation features, or investment contract with discretionary participation features; and
- how to identify discretionary cash flows for contracts without direct participation features.

For contracts acquired in a transfer of contracts or a business combination before 2022, the Group classified liabilities for settlement of claims as liabilities for incurred claims, even though the claims might have been incurred before the contracts were acquired.

For groups of contracts measured under the fair value approach,

- the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.
- the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero for contracts without direct participation features and to be equal to the cumulative amount recognised in the other comprehensive income on the underlying items for contracts with direct participation features as applicable.

For groups of reinsurance contracts held covering onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts held.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.9 Transition approaches (continued)

Contracts measured under the fair value approach (continued)

Insurance acquisition cash flows – Fair value approach

The Group measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:

- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognised at that date, and future contracts that are renewals of such contracts;
- future contracts that are renewals of contracts recognised at 1 January 2022; and
- other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that the Group has already paid.

2.3.10 Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract in a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows that relate to future services, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party, unless the contract is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.11 Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of insurance contracts are included in the carrying amount of the related portfolios of insurance contracts. Any assets or liabilities for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related portfolios of reinsurance contracts held.

The Group disaggregates amounts recognised in the income statement and the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as “net expenses from reinsurance contracts held” in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

2.3.11.1 Insurance revenue – insurance contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, but excludes expected investment components and mainly comprises the following items:

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses.

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

2.3.11.2 Release of the CSM – insurance contracts not measured under the PAA

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

2.3.11.3 Insurance revenue – insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

2.3.11.4 Loss components – insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Group's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

2.3.11.5 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.3.11 Presentation (continued)

2.3.11.6 Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held mainly comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are entered into; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

2.3.11.7 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:

- Contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders: for insurance finance income or expenses arising from the estimates of future cash flows, using either a rate that allocates the remaining revised expected insurance finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield) or an allocation that is based on the amounts credited in the period and expected to be credited in future periods; and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. This selection of the rate applied is based on the characteristics of contracts.
- Contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders: the discount rates determined on initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Group presents insurance finance income or expenses for all other contracts in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Investment contracts

Investment contracts do not contain sufficient insurance risk to be considered insurance contracts and are accounted for as a financial liability, other than investment contracts with DPF which are excluded from the scope of IFRS 9 and are accounted for as insurance contracts.

Revenue from these contracts consists of various charges (policy fees, handling fees, management fees and surrender charges) made against the contract for the cost of insurance, expenses and early surrender. First year charges are amortised over the life of the contract as the services are provided.

Investment contract fee revenue

Customers are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's account balance. The fees are recognised as revenue in the period in which they are received unless they relate to services to be provided in future periods, in which case they are deferred and recognised as the service is provided.

When part of the fee received from a policyholder is expected to be refunded in the future, the related fee is not recognised as a revenue and a sales inducement liability is established which forms part of the investment contract liabilities.

Origination and other "upfront" fees (fees that are assessed against the account balance as consideration for origination of the contract) are charged on some non-participating investment and pension contracts. Where the investment contract is recorded at amortised cost, these fees are amortised and recognised over the expected term of the policy as an adjustment to the effective yield. Where the investment contract is measured at fair value, the front-end fees that relate to the provision of investment management services are amortised and recognised as the services are provided.

Deferred origination costs

The costs of acquiring investment contracts with investment management services, including commissions and other incremental expenses directly related to the issue of each new contract, are deferred and amortised over the period that services are provided. Deferred origination costs are tested for recoverability at each reporting date.

The costs of acquiring new investment contracts without investment management services are included as part of the effective interest rate used to calculate the amortised cost of the related investment contract liabilities.

Investment contract liabilities

Deposits received in respect of investment contracts are not accounted for through the consolidated income statement, except for the investment income and fees attributable to those contracts, but are accounted for directly through the consolidated statement of financial position as an adjustment to the investment contract liability, which reflects the account balance.

The majority of the Group's contracts classified as investment contracts are unit-linked contracts, with measurement directly linked to the underlying investment assets. These represent investment portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value) with changes recognised in profit or loss. The costs of policy administration, investment management, surrender charges and certain policyholder taxes assessed against customers' account balances are included in revenue, and accounted for as described under "Investment contract fee revenue" above.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Investment contracts (continued)

Investment contract liabilities (continued)

Non unit-linked investment contract liabilities are carried at amortised cost, being the fair value of consideration received at the date of initial recognition, less the net effect of principal payments such as transaction costs and front-end fees, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity value, and less any write-down for surrender payments. The effective interest rate equates the discounted cash payments to the initial amount. At each reporting date, the unearned revenue liability is determined as the value of the future best estimate cash flows discounted at the effective interest rate. Any adjustment is immediately recognised as income or expenses in the consolidated income statement.

The amortised cost of the financial liability is never recorded at less than the amount payable on surrender, discounted for the time value of money where applicable, if the investment contract is subject to a surrender option.

Deferred fee income liability

Deferred fee income liability represents upfront fees and other non-level charges that have been collected and released to the consolidated income statement over the estimated life of the business. A separate liability for accumulation value is established.

2.5 Financial instruments

2.5.1 Classification and designation of financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified at the beginning of the reporting period during which the business model has changed.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.1 Classification and designation of financial instruments (continued)

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise two categories:

- financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

Management designates financial assets and liabilities at fair value through profit or loss if this eliminates a measurement or recognition inconsistency or if the liabilities are actively managed on a fair value basis, including among others debt securities held in participating funds and other participating business with distinct portfolios.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment return in the consolidated income statement, generally when the security becomes ex-dividend. Interest revenue is recognised on an accrued basis. For all financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

Financial assets at fair value through other comprehensive income

These principally consist of the Group's debt securities (other than those backing participating funds, other participating business with distinct portfolios and unit-linked contracts). These financial assets are initially recognised at fair value plus attributable transaction costs and are subsequently measured at fair value. The difference between their cost and par value is amortised. Interest revenue is recognised in investment return in the consolidated income statement using the effective interest method.

Unrealised gains and losses on securities are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences are calculated as if they were carried at amortised cost and so are recognised in the consolidated income statement as other investment return. For impairments, reference is made to the section "Impairment of financial assets".

Changes in the fair value of securities, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income. Impairment losses and relevant foreign exchange gains and losses are recognised in the consolidated income statement.

Realised gains and losses on financial assets

Realised gains and losses on financial assets measured at fair value through profit or loss excludes any interest revenue or dividend income.

Realised gains and losses on financial assets measured at fair value through other comprehensive income are determined as the difference between the sale proceeds and its original cost or amortised cost as appropriate. Amortised cost is determined by specific identification.

Recognition of financial instruments

Purchases and sales of financial instruments are recognised on the trade date, which is the date at which the Group commits to purchase or sell the assets.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.1 Classification and designation of financial instruments (continued)

Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled. Notwithstanding, when, and only when, the Group repurchases its financial liability and includes it as underlying items of contracts with direct participation features or investment contracts with DPF, the Group may elect not to derecognise the financial liability. Instead, the Group may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at fair value through profit or loss. This election is irrevocable and is made on an instrument-by-instrument basis.

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument is modified but not substantially, then it is not derecognised.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments held for cash management purposes, which have maturities at acquisition of three months or less, or are convertible into known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions, as well as cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products. Cash and cash equivalents that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the effective interest method.

Financial assets measured at amortised cost

Other than cash and cash equivalents, financial assets measured at amortised cost primarily include debt securities, loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest revenue from debt securities measured at amortised cost is recognised in investment return in the consolidated income statement using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount 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, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Group has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and fair value through other comprehensive income) are based on quoted market prices at the date of the consolidated statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the date of each consolidated statement of financial position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the consolidated statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 20.

2.5.3 Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. Loss allowances are measured at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets (other than trade receivables or lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from possible default events over the expected life of the financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive; and
- other financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and loss allowances for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.3 Impairment of financial assets (continued)

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.5.4 Derivative financial instruments

Derivative financial instruments primarily include foreign exchange contracts and interest rate swaps that derive their value mainly from underlying foreign exchange rates and interest rates. All derivatives are initially recognised in the consolidated statement of financial position at their fair value, which represents their cost excluding transaction costs, which are expensed. They are subsequently remeasured at their fair value, with movements in this value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Derivative instruments for economic hedging

Whilst the Group enters into derivative transactions to provide economic hedges under the Group's risk management framework, it adopts hedge accounting to these transactions only in limited circumstances. This is either because the transactions would not meet the specific IFRS Accounting Standards rules to be eligible for hedge accounting or the documentation requirements to meet hedge accounting criteria would be unduly onerous. Where hedge accounting does not apply, these transactions are treated as held for trading and fair value movements are recognised immediately in other investment return.

Cash flow hedge

The Group has, in a limited number of cases, designated certain derivatives as hedges of interest rate risk associated with the cash flows of highly probable forecast transactions such as forecast purchases of debt securities. As permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. To the extent these hedges are effective, the change in fair value of the derivatives designated as hedging instruments is recognised in the cash flow hedge reserve in other comprehensive income within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss when the hedged item affects profit or loss. In respect of a forecast purchase of a debt security classified as fair value through other comprehensive income, the cash flows are expected to affect profit or loss when the coupons from the purchased bond are recognised, or on disposal of the security. The application of hedge accounting is discontinued when one of the following situations occurs: when a derivative designated as the hedging instrument expires or is sold, terminated or exercised prior to the occurrence of the forecast transaction, when the hedge is no longer highly effective or expected to be highly effective, or when the Group revokes the designation of the hedging relationship. In these situations, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. This amount is reclassified to profit or loss when the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, the entire amount is reclassified immediately to profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.4 Derivative financial instruments (continued)

Embedded derivatives

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument that is not a financial asset within the scope of IFRS 9, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with IFRS 9.

2.6 Property, plant and equipment

Property held for own use, which is solely held as an underlying item of insurance contracts with direct participation features, is measured initially at cost and subsequently at fair value, with any change therein recognised in profit or loss. Any gain or loss on disposal of property held for own use measured at fair value (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

2.7 Presentation of the consolidated statement of financial position

The Group's insurance and investment contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Group's products. Accordingly, the Group presents the assets and liabilities in its consolidated statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its deferred origination costs, intangible assets, investments in associates and joint ventures, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets, liabilities, and revenue and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly.

Items that are considered particularly sensitive to changes in estimates and assumptions, and the relevant accounting policies are those which relate to insurance contracts (including investment contracts with DPF), fair value measurement, impairment of financial assets and impairment of goodwill and other intangible assets.

3.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in note 2.3.3.

3.2 Measurement of insurance contracts not measured under the premium allocation approach

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts (including investment contracts with DPF) affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts and investment contracts with DPF. Further details of the related accounting policies, key risk and variables, and the sensitivities of assumptions to the key variables in respect of insurance contracts are provided in notes 2.3, 24 and 34.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.3 Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of services including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

3.4 Transition to IFRS 17

The Group applied IFRS 17 for annual reporting period beginning on 1 January 2023. The Group has determined that it was impracticable to apply the full retrospective approach for some groups of contracts because certain historical information was not available or was not available without undue cost or effort that would enable it to be used under this approach. Therefore, the Group applied the modified retrospective or fair value approaches for these groups of contracts. The Group exercises judgements in determining the transition approaches, applying the transition methods and measuring the transition impacts on the transition date, which will affect the amounts recognised in the consolidated financial statements on the transition date. Further details of the related accounting policies and information on the date of initial adoption are provided in notes 2.3.9 and 43.

3.5 Fair value measurement

3.5.1 Fair value of financial assets

The Group determines the fair values of financial assets traded in active markets using quoted bid prices as of each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Further details of the fair value of financial assets and the sensitivity analysis to interest rates and equity prices are provided in notes 20 and 34.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.5 Fair value measurement (continued)

3.5.2 Fair value of property held for own use and investment property

The Group uses independent professional valuers to determine the fair value of properties on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. In most cases, current use of the properties is considered to be the highest and best use for determining the fair value. Different valuation techniques may be adopted to reach the fair value of the properties. Under the Market Data Approach, records of recent sales and offerings of similar property are analysed and comparisons are made for factors such as size, location, quality and prospective use. For investment properties, the discounted cash flow approach may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. On some occasions, the cost approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

Further details of the fair value of property held for own use and investment property are provided in note 20.

3.6 Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Details of the inputs, assumptions and estimation techniques used for estimating ECL are further explained in note 23.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

3.7 Impairment of goodwill and other intangible assets

For the purposes of impairment testing, goodwill and other intangible assets are grouped into cash-generating units or groups of cash-generating units. These assets are tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, to the recoverable amount of that cash-generating unit (group of units). The determination of the recoverable amount requires significant judgement regarding the selection of appropriate valuation techniques and assumptions.

Further details of the impairment of goodwill during the year are provided in note 14.

4. EXCHANGE RATES

The Group's principal overseas operations during the reporting period were located within Asia. The results and cash flows of these operations have been translated into US dollar at the following average rates:

	US dollar exchange rates	
	Year ended 31 December 2023	Year ended 31 December 2022
Mainland China	**7.08**	6.73
Hong Kong	**7.83**	7.83
Thailand	**34.80**	35.02
Singapore	**1.34**	1.38
Malaysia	**4.56**	4.40

Assets and liabilities have been translated into US dollar at the following year-end rates:

	US dollar exchange rates	
	As at 31 December 2023	As at 31 December 2022
Mainland China	**7.10**	6.95
Hong Kong	**7.81**	7.80
Thailand	**34.24**	34.54
Singapore	**1.32**	1.34
Malaysia	**4.59**	4.41

Exchange rates are expressed in units of local currency per US$1.

5. OPERATING PROFIT AFTER TAX

Operating profit after tax may be reconciled to net profit as follows:

US$m	Note	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Operating profit after tax	7	**6,228**	6,454
Non-operating items, net of related taxes:			
Short-term investment and discount rate variances[1]		**(2,007)**	(1,134)
Reclassification of revaluation gains for property held for own use[1]		**(8)**	(71)
Other significant non-operating income and expenses			
Corporate transaction related costs		**(30)**	(63)
Implementation costs for new accounting standards		**(35)**	(45)
Other non-operating investment return and other items		**(367)**	(1,776)
Subtotal[2]		**(2,447)**	(3,089)
Net profit		**3,781**	3,365
Operating profit after tax attributable to:			
Shareholders of AIA Group Limited		**6,213**	6,421
Non-controlling interests		**15**	33
Net profit attributable to:			
Shareholders of AIA Group Limited		**3,764**	3,331
Non-controlling interests		**17**	34

Notes:

(1) Short-term investment and discount rate variances include revaluation gains for property held for own use. This amount is then reclassified out of net profit to conform to IFRS Accounting Standards measurement and presentation.

(2) The amount is net of tax of US$319m (2022: US$361m). The gross amount before tax is US$(2,766)m (2022: US$(3,450)m).

Operating profit after tax breakdown:

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Insurance service result:		
CSM recognised for services provided	**5,314**	5,121
Other insurance service result	**(223)**	345
Net investment result	**3,792**	3,597
Other net expenses	**(1,553)**	(1,559)
Operating profit before tax	**7,330**	7,504
Taxation	**(1,102)**	(1,050)
Operating profit after tax	**6,228**	6,454

6. TOTAL WEIGHTED PREMIUM INCOME AND ANNUALISED NEW PREMIUMS

For management decision-making and internal performance management purposes, the Group measures business volumes during the year using a performance measure referred to as total weighted premium income (TWPI). The Group measures new business activity using a performance measure referred to as annualised new premiums (ANP). The presentation of this note is consistent with our reportable segment presentation in note 7.

TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded.

Management considers that TWPI provides an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not intended to be indicative of insurance revenue and fee income recorded in the consolidated income statement.

ANP is a key internal measure of new business activities, which consists of 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. ANP excludes new business of pension business, personal lines and motor insurance.

TWPI US$m	**Year ended 31 December 2023**	Year ended 31 December 2022
TWPI by geography		
Mainland China	**8,589**	7,592
Hong Kong	**11,554**	11,237
Thailand	**4,425**	4,166
Singapore	**3,912**	3,577
Malaysia	**2,565**	2,464
Other Markets	**6,894**	7,140
Total	**37,939**	36,176
First year premiums by geography		
Mainland China	**1,961**	1,259
Hong Kong	**2,243**	885
Thailand	**725**	613
Singapore	**429**	358
Malaysia	**392**	363
Other Markets	**766**	863
Total	**6,516**	4,341
Single premiums by geography		
Mainland China	**369**	280
Hong Kong	**1,205**	1,813
Thailand	**126**	203
Singapore	**944**	1,272
Malaysia	**255**	274
Other Markets	**693**	892
Total	**3,592**	4,734

6. TOTAL WEIGHTED PREMIUM INCOME AND ANNUALISED NEW PREMIUMS (continued)

TWPI (continued) US$m	Year ended 31 December 2023	Year ended 31 December 2022
Renewal premiums by geography		
Mainland China	**6,591**	6,305
Hong Kong	**9,190**	10,171
Thailand	**3,687**	3,533
Singapore	**3,389**	3,092
Malaysia	**2,147**	2,074
Other Markets	**6,060**	6,187
Total	**31,064**	31,362

ANP US$m	Year ended 31 December 2023	Year ended 31 December 2022
ANP by geography		
Mainland China	**2,023**	1,319
Hong Kong	**2,407**	1,078
Thailand	**765**	655
Singapore	**586**	531
Malaysia	**473**	440
Other Markets	**1,396**	1,384
Total	**7,650**	5,407

7. SEGMENT INFORMATION

The Group's operating segments, based on the reports received by the Group's chief operating decision-maker, considered to be the Executive Committee (ExCo), are each of the geographical markets in which the Group operates. Each of the reportable segments, other than the "Group Corporate Centre" segment, writes life insurance business, providing life insurance, accident and health insurance and savings plans to customers in its local market, and distributes related investment and other financial services products. The reportable segments are Mainland China, Hong Kong (including Macau), Thailand, Singapore (including Brunei), Malaysia, Other Markets and Group Corporate Centre. Other Markets includes the Group's operations in Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam. The activities of the Group Corporate Centre segment consist of the Group's corporate functions, shared services and eliminations of intra-group transactions.

As each reportable segment other than the Group Corporate Centre segment focuses on serving the life insurance needs of its local market, there are limited transactions between reportable segments. The key performance indicators reported in respect of each segment are:

- ANP;
- TWPI;
- insurance service result;
- net investment result;
- operating expenses;
- operating profit after tax attributable to shareholders of AIA Group Limited;
- expense ratio, measured as operating expenses divided by TWPI;
- operating margin, measured as operating profit after tax expressed as a percentage of TWPI; and
- operating return on shareholders' allocated equity measured as operating profit after tax attributable to shareholders of AIA Group Limited expressed as a percentage of the simple average of opening and closing shareholders' allocated segment equity (being the segment assets less segment liabilities in respect of each reportable segment less non-controlling interests, insurance finance reserve and fair value reserve).

Business volumes in respect of the Group's five largest customers are less than 30 per cent of insurance revenue and net investment result in this note.

The Group recognises deferred tax liabilities in respect of unremitted earnings in jurisdictions where withholding tax charge would be incurred upon dividend distribution.

7. SEGMENT INFORMATION (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Year ended 31 December 2023								
ANP	2,023	2,407	765	586	473	1,396	–	7,650
TWPI	8,589	11,554	4,425	3,912	2,565	6,894	–	37,939
Insurance revenue	3,122	3,816	2,264	2,196	1,574	4,542	–	17,514
Insurance service expenses	(1,264)	(2,412)	(1,427)	(1,596)	(1,289)	(4,090)	–	(12,078)
Net (expenses)/income from reinsurance contracts held	(53)	(110)	(51)	(89)	1	(32)	(11)	(345)
Insurance service result	1,805	1,294	786	511	286	420	(11)	5,091
Investment return	1,679	6,221	1,048	2,373	908	1,685	786	14,700
– Participating(1) and unit-linked	676	5,116	2	1,915	772	563	(2)	9,042(2)
– Others	1,003	1,105	1,046	458	136	1,122	788	5,658
Net finance expenses from insurance contracts and reinsurance contracts held	(1,363)	(4,783)	(515)	(1,975)	(725)	(938)	(2)	(10,301)(2)
Movement in investment contract liabilities	(25)	(197)	(86)	(67)	–	(176)	–	(551)(2)
Movement in third-party interests in consolidated investment funds	–	(56)	–	–	–	–	–	(56)(2)
Net investment result	291	1,185	447	331	183	571	784	3,792
Fee income and other operating revenue	4	253	24	26	13	96	16	432
Other expenses	(184)	(327)	(83)	(139)	(56)	(405)	(340)	(1,534)
Other finance costs	(41)	(27)	(1)	(8)	(2)	(8)	(366)	(453)
Share of (losses)/profit from associates and joint ventures	–	(1)	–	–	–	31	(28)	2
Operating profit before tax	1,875	2,377	1,173	721	424	705	55	7,330
Tax on operating profit before tax	(327)	(192)	(222)	(52)	(120)	(135)	(54)	(1,102)
Operating profit after tax	1,548	2,185	951	669	304	570	1	6,228
Operating profit after tax attributable to:								
Shareholders of AIA Group Limited	1,548	2,180	951	669	293	560	12	6,213
Non-controlling interests	–	5	–	–	11	10	(11)	15

Notes:

(1) Participating refers to participating funds and other participating business with distinct portfolios.

(2) Net finance expenses from insurance contracts and reinsurance contracts held includes changes in fair value of underlying items of contracts with direct participation features. Net finance expenses from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US$(1,866)m, primarily related to other insurance contracts without direct participation features.

7. SEGMENT INFORMATION (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Key operating ratios:								
Expense ratio	**7.4%**	**6.2%**	**6.7%**	**7.1%**	**9.1%**	**16.2%**	**–**	**9.4%**
Operating margin	**18.0%**	**18.9%**	**21.5%**	**17.1%**	**11.9%**	**8.3%**	**–**	**16.4%**
Operating return on shareholders' allocated equity	**29.8%**	**16.9%**	**15.4%**	**15.6%**	**13.3%**	**7.2%**	**–**	**13.5%**
Operating profit before tax includes:								
Operating expenses	**633**	**718**	**295**	**277**	**233**	**1,115**	**302**	**3,573**
Finance costs	**51**	**29**	**2**	**17**	**2**	**8**	**366**	**475**

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2023								
Total assets	**46,394**	**104,506**	**26,204**	**41,921**	**14,529**	**36,511**	**16,254**	**286,319**
Total liabilities	**42,657**	**93,984**	**20,182**	**37,516**	**12,167**	**27,473**	**10,746**	**244,725**
Total equity	**3,737**	**10,522**	**6,022**	**4,405**	**2,362**	**9,038**	**5,508**	**41,594**
Shareholders' allocated equity	**5,417**	**12,605**	**6,135**	**4,247**	**2,251**	**7,887**	**6,212**	**44,754**
Total assets include:								
Investments in associates and joint ventures	**–**	**–**	**–**	**–**	**1**	**828**	**502**	**1,331**

7. SEGMENT INFORMATION (continued)

Segment information may be reconciled to the consolidated income statement as shown below:

US$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Consolidated income statement	
Year ended 31 December 2023					
Insurance revenue	17,514	–	–	17,514	Insurance revenue
Insurance service expenses	(12,078)	–	–	(12,078)	Insurance service expenses
Net expenses from reinsurance contracts held	(345)	–	–	(345)	Net expenses from reinsurance contracts held
Insurance service result	5,091	–	–	5,091	**Insurance service result**
Investment return	14,700	(2,097)	(37)	12,566	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(10,301)	(99)	9	(10,391)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(551)	(21)	–	(572)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(56)	–	–	(56)	Movement in third-party interests in consolidated investment funds
Net investment result	3,792	(2,217)	(28)	1,547	**Net investment result**
Fee income and other operating revenue	432	–	(24)	408	Fee income and other operating revenue
Other expenses	(1,534)	–	(218)	(1,752)	Other expenses
Other finance costs	(453)	–	(10)	(463)	Other finance costs
Share of profit from associates and joint ventures	2	–	(269)	(267)	Share of losses from associates and joint ventures
Operating profit before tax	7,330	(2,217)	(549)	4,564	**Profit before tax**

7. SEGMENT INFORMATION (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Year ended 31 December 2022 (restated)								
ANP	1,319	1,078	655	531	440	1,384	–	5,407
TWPI	7,592	11,237	4,166	3,577	2,464	7,140	–	36,176
Insurance revenue	3,087	3,432	1,976	1,954	1,525	4,345	–	16,319
Insurance service expenses	(1,156)	(1,929)	(1,176)	(1,385)	(1,085)	(3,703)	–	(10,434)
Net (expenses)/income from reinsurance contracts held	(8)	(47)	(42)	(81)	9	(250)	–	(419)
Insurance service result	1,923	1,456	758	488	449	392	–	5,466
Investment return	759	(28,264)	907	(3,364)	190	322	857	(28,593)
– Participating[1] and unit-linked	(68)	(29,310)	(131)	(3,805)	61	(693)	5	(33,941)[2]
– Others	827	1,046	1,038	441	129	1,015	852	5,348
Net finance (expenses)/income from insurance contracts and reinsurance contracts held	(558)	28,597	(289)	3,438	(148)	98	(16)	31,122[2]
Movement in investment contract liabilities	(27)	757	(81)	251	–	134	–	1,034[2]
Movement in third-party interests in consolidated investment funds	–	34	–	–	–	–	–	34[2]
Net investment result	174	1,124	537	325	42	554	841	3,597
Fee income and other operating revenue	1	252	20	24	12	145	(3)	451
Other expenses	(187)	(329)	(113)	(137)	(55)	(302)	(389)	(1,512)
Other finance costs	(17)	(24)	(1)	(8)	(3)	(6)	(318)	(377)
Share of (losses)/profit from associates and joint ventures	–	(1)	–	–	–	5	(125)	(121)
Operating profit before tax	1,894	2,478	1,201	692	445	788	6	7,504
Tax on operating profit before tax	(343)	(269)	(224)	(37)	(71)	(60)	(46)	(1,050)
Operating profit/(loss) after tax	1,551	2,209	977	655	374	728	(40)	6,454
Operating profit/(loss) after tax attributable to:								
Shareholders of AIA Group Limited	1,551	2,202	977	655	362	710	(36)	6,421
Non-controlling interests	–	7	–	–	12	18	(4)	33

Notes:

(1) Participating refers to participating funds and other participating business with distinct portfolios.

(2) Net finance (expenses)/income from insurance contracts and reinsurance contracts held includes changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US$(1,751)m, primarily related to other insurance contracts without direct participation features.

7. SEGMENT INFORMATION (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Key operating ratios:								
Expense ratio	7.5%	5.0%	6.5%	7.2%	9.3%	14.8%	–	9.0%
Operating margin	20.4%	19.7%	23.5%	18.3%	15.2%	10.2%	–	17.8%
Operating return on shareholders' allocated equity	31.9%	15.7%	16.4%	15.5%	17.1%	9.0%	–	13.0%
Operating profit before tax includes:								
Operating expenses	571	565	270	256	229	1,060	300	3,251
Finance costs	22	29	1	8	1	6	319	386

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2022 (restated)								
Total assets	38,675	96,131	25,746	39,245	14,131	37,809	18,734	270,471
Total liabilities	34,498	84,877	19,446	34,969	11,887	29,321	10,325	225,323
Total equity	4,177	11,254	6,300	4,276	2,244	8,488	8,409	45,148
Shareholders' allocated equity	4,956	13,128	6,210	4,345	2,160	7,635	8,737	47,171
Total assets include:								
Investments in associates and joint ventures	–	1	–	–	–	793	1,262	2,056

7. SEGMENT INFORMATION (continued)

Segment information may be reconciled to the consolidated income statement as shown below:

US$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Consolidated income statement	
Year ended 31 December 2022 (restated)					
Insurance revenue	16,319	–	–	16,319	Insurance revenue
Insurance service expenses	(10,434)	–	–	(10,434)	Insurance service expenses
Net expenses from reinsurance contracts held	(419)	–	–	(419)	Net expenses from reinsurance contracts held
Insurance service result	5,466	–	–	5,466	**Insurance service result**
Investment return	(28,593)	(1,420)	(1,600)	(31,613)	Investment return
Net finance income from insurance contracts and reinsurance contracts held	31,122	49	(147)	31,024	Net finance income from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	1,034	72	–	1,106	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	34	–	–	34	Movement in third-party interests in consolidated investment funds
Net investment result	3,597	(1,299)	(1,747)	551	**Net investment result**
Fee income and other operating revenue	451	–	(12)	439	Fee income and other operating revenue
Other expenses	(1,512)	–	(384)	(1,896)	Other expenses
Other finance costs	(377)	–	(8)	(385)	Other finance costs
Share of losses from associates and joint ventures	(121)	–	–	(121)	Share of losses from associates and joint ventures
Operating profit before tax	7,504	(1,299)	(2,151)	4,054	**Profit before tax**

8. INSURANCE REVENUE

US$m	Note	Year ended 31 December 2023	Year ended 31 December 2022
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided	24	**5,605**	5,363
Change in risk adjustment for non-financial risk for risk expired		**210**	260
Expected incurred claims and other insurance service expenses		**8,239**	8,092
Others		**85**	113
Recovery of insurance acquisition cash flows		**968**	696
	24	**15,107**	14,524
Contracts measured under the PAA	24	**2,407**	1,795
Total insurance revenue		**17,514**	16,319
Represented by:			
Contracts under the modified retrospective approach		**1,696**	1,798
Contracts under the fair value approach		**7,791**	9,669
Other contracts		**8,027**	4,852

9. NET INVESTMENT RESULT

A. Group's net investment result in consolidated income statement and other comprehensive income

US$m	Notes	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Investment return			
Interest revenue on financial assets		**7,820**	7,267
Other investment return		**4,941**	(38,647)
Net impairment loss on financial assets		**(195)**	(233)
Amounts recognised in consolidated income statement		**12,566**	(31,613)
Amounts recognised in other comprehensive income[1]		**4,708**	(11,764)
Total investment return[1]		**17,274**	(43,377)
Net finance (expenses)/income from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		**(8,313)**	33,094
Interest accreted		**(2,516)**	(2,450)
Effect of changes in interest rates and other financial assumptions		**(5,119)**	4,030
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(638)**	708
Net foreign exchange gains		**327**	133
Total net finance (expenses)/income from insurance contracts	24	**(16,259)**	35,515
Net finance income/(expenses) from reinsurance contracts held			
Interest accreted		**9**	12
Effect of changes in interest rates and other financial assumptions		**247**	19
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(38)**	(148)
Net foreign exchange losses		**(42)**	(64)
Total net finance income/(expenses) from reinsurance contracts held	24	**176**	(181)
Movement in investment contract liabilities	25	**(572)**	1,106
Movement in third-party interests in consolidated investment funds		**(56)**	34
Net investment result[1]		**563**	(6,903)
Net investment result is represented by:			
Amounts recognised in consolidated income statement		**1,547**	551
Amounts recognised in other comprehensive income[1]		**(984)**	(7,454)
Total net investment result[1]		**563**	(6,903)

9. NET INVESTMENT RESULT (continued)

A. Group's net investment result in consolidated income statement and other comprehensive income (continued)

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net finance (expenses)/income from insurance contracts are represented by:		
Amounts recognised in consolidated income statement	**(10,456)**	30,957
Amounts recognised in other comprehensive income	**(5,803)**	4,558
Total net finance (expenses)/income from insurance contracts	**(16,259)**	35,515
Net finance income/(expenses) from reinsurance contracts held are represented by:		
Amounts recognised in consolidated income statement	**65**	67
Amounts recognised in other comprehensive income	**111**	(248)
Total net finance income/(expenses) from reinsurance contracts held	**176**	(181)

Note:

(1) The Net investment result note is presented gross of tax, gross of non-controlling interests and excluding share of returns from associates and joint ventures. The equivalent amounts for the year ended 31 December 2022 including amounts recognised in other comprehensive income related to tax, non-controlling interests and share of returns from associates and joint ventures were as follows:

- Investment return – Amounts recognised in other comprehensive income: US$(10,316)m;
- Total investment return: US$(41,929)m;
- Net investment result: US$(5,455)m;
- Net investment result – Amounts recognised in other comprehensive income: US$(6,006)m; and
- Total net investment result: US$(5,455)m.

9. NET INVESTMENT RESULT (continued)

B. Interest revenue on financial assets and other investment return

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Interest revenue on financial assets		
Financial assets measured at amortised cost	**546**	350
Financial assets measured at fair value through other comprehensive income	**3,516**	3,487
Financial assets designated at fair value through profit or loss	**3,403**	3,117
Financial assets measured mandatorily at fair value through profit or loss	**355**	313
Total interest revenue on financial assets	**7,820**	7,267
Other investment return		
Dividend income	**1,488**	1,323
Rental income[1]	**154**	161
Net losses of financial assets not at fair value through profit or loss		
Net realised losses of debt securities measured at fair value through other comprehensive income	**(74)**	(478)
At fair value through profit or loss		
Net gains/(losses) of financial assets designated at fair value through profit or loss		
Net gains/(losses) of debt securities	**3,390**	(18,961)
Net losses of loans and deposits	**(9)**	(7)
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains/(losses) of debt securities	**120**	(718)
Net gains/(losses) of equity shares, interests in investment funds and exchangeable loan notes	**1,013**	(10,007)
Net fair value movement on derivatives	**(827)**	(9,495)
Net gains/(losses) in respect of financial instruments at fair value through profit or loss	**3,687**	(39,188)
Net fair value movement of investment property and property held for own use	**(147)**	64
Net foreign exchange losses	**(141)**	(519)
Other net realised losses	**(26)**	(10)
Net gains/(losses)	**3,299**	(40,131)
Total other investment return	**4,941**	(38,647)

Note:

(1) Represents rental income from operating lease contracts in which the Group acts as a lessor.

9. NET INVESTMENT RESULT (continued)

Foreign currency movements resulted in the following gains recognised in the consolidated income statement (other than gains and losses arising on items measured at fair value through profit or loss):

US$m	**Year ended 31 December 2023**	Year ended 31 December 2022 (restated)
Foreign exchange gains	**122**	163

On transition to IFRS 17, for certain groups of contracts that the Group applies the modified retrospective approach or the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2022 was determined:

- to be zero; or
- retrospectively based on observable yield curve.

For those groups of contracts, the movement in the fair value reserve for the debt securities at fair value through other comprehensive income was as follows:

US$m	**Year ended 31 December 2023**	Year ended 31 December 2022 (restated)
Balance at 1 January	**(3,346)**	6,133
Net change in fair value and others	**2,945**	(10,005)
Net amount reclassified to profit or loss	**224**	526
Balance at 31 December	**(177)**	(3,346)

10. EXPENSES

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Claims and benefits	**9,250**	8,185
Commission and other acquisition expenses incurred	**6,370**	5,286
Losses on onerous insurance contracts	**101**	61
Employee benefit expenses(3)	**2,235**	1,986
Depreciation(3)	**221**	250
Amortisation(3)	**152**	121
Investment management expenses and others	**554**	557
Depreciation on property held for own use	**43**	20
Finance costs	**485**	394
Other operating expenses(3)	**965**	894
Restructuring and other non-operating costs(1)	**166**	360
	20,542	18,114
Amounts attributed to insurance acquisition cash flows	**(7,542)**	(6,292)
Amortisation of insurance acquisition cash flows	**1,293**	903
Insurance service and other expenses	**14,293**	12,725

Insurance service and other expenses represented by:

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Insurance service expenses	**12,078**	10,434
– Contracts not measured under the PAA	**9,775**	8,869
– Contracts measured under the PAA	**2,303**	1,565
Other incurred expenses directly attributable to reinsurance contracts held	**–**	10
Other expenses(2)	**1,752**	1,896
Other finance costs	**463**	385
Total	**14,293**	12,725

Notes:

(1) Restructuring costs represent costs related to restructuring programmes and are primarily comprised of redundancy and contract termination costs. Other non-operating costs primarily consist of corporate transaction related costs, implementation costs for new accounting standards and other items that are not expected to be recurring in nature.

(2) Other expenses represent general expenses and investment management expenses that are not directly attributable to insurance contracts and reinsurance contracts held. It includes payments for short-term leases of US$7m (2022: US$2m).

(3) Operating expenses comprise employee benefit expenses, depreciation, amortisation and other operating expenses.

10. EXPENSES (continued)

Expenses include auditors' remuneration of US$33m (2022: US$37m), an analysis of which is set out below:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Audit services	**27**	23
Non-audit services, including:		
Audit-related services	**5**	14
Tax services	**1**	–
Total	**33**	37

Depreciation consists of:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Computer hardware, fixtures and fittings and others	**75**	83
Right-of-use assets		
Property held for own use	**145**	166
Computer hardware	**1**	1
Total	**221**	250

Finance costs may be analysed as:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Repurchase agreements	**66**	22
Medium-term notes and securities	**403**	337
Other loans	**4**	22
Lease liabilities	**12**	13
Total	**485**	394

Employee benefit expenses consist of:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Wages and salaries	**1,848**	1,633
Share-based compensation	**72**	66
Pension costs – defined contribution plans	**139**	128
Pension costs – defined benefit plans	**9**	10
Other employee benefit expenses	**167**	149
Total	**2,235**	1,986

11. INCOME TAX

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Tax charged in the consolidated income statement		
Current income tax – Hong Kong Profits Tax	**175**	153
Current income tax – overseas	**482**	624
Deferred income tax on temporary differences	**126**	(88)
Total	**783**	689

Corporate income tax

Taxation is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions of which the most significant jurisdictions are outlined below.

	Year ended 31 December 2023	Year ended 31 December 2022
Mainland China	**25%**	25%
Hong Kong	**16.5%**	16.5%
Thailand	**20%**	20%
Singapore	**17%**	17%
Malaysia	**24%**	24%
Other Markets	**12% – 30%**	12% – 30%

The table above reflects the principal rate of corporate income tax as at the end of each year. The rates reflect enacted or substantively enacted corporate tax rates throughout the year in each jurisdiction.

In 2023, Bermuda has introduced and enacted a corporate income tax rate of 15 per cent that will become effective from 1 January 2025.

In 2022, changes in the corporate income tax rates have been enacted in Myanmar, Sri Lanka and South Korea. For Myanmar, the corporate income tax rate changed from 25 per cent to 22 per cent effective from 1 October 2021. For Sri Lanka, the corporate income tax rate changed from 24 per cent to 30 per cent effective from 1 October 2022. For South Korea, the corporate income tax rate changed to 23.1 per cent effective from 1 January 2023.

11. INCOME TAX (continued)

Corporate income tax (continued)

The Group continues to closely monitor developments in respect of the tax policy work led by the Organisation for Economic Co-operation and Development (OECD) on the "Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy", a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as "BEPS 2.0", and constructively engages with relevant governments and the OECD on their work.

In 2021, the OECD/G20 Inclusive Framework on BEPS published the Global Anti-Base Erosion (GloBE) Model Rules to give effect to Pillar Two of BEPS 2.0, which imposes a global minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate.

The Group operates in jurisdictions that have enacted or substantively enacted Pillar Two legislation, including Luxembourg, Malaysia, South Korea and Vietnam. The legislation in some of these jurisdictions introduced Qualified Domestic Minimum Top-up Taxes (QDMTT) that will be effective for the Group from 1 January 2024. Under the legislation, QDMTT will apply such that the Group will be liable to pay top-up tax for the difference between its effective tax rate for each of these jurisdictions calculated on the basis of the respective legislation (broadly based on the GloBE Model Rules) and a 15 per cent minimum rate. The legislation of some of these jurisdictions also introduced Undertaxed Profits Rules (UTPR) that will be effective from 1 January 2025. Under the legislation, the UTPR is a backstop mechanism which will apply if the difference between the Group's effective tax rate in a jurisdiction in which it operates and the 15 per cent minimum rate is not brought into charge after the application of other Pillar Two income taxes, by applying a top-up tax in the jurisdiction that introduced the UTPR.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

IAS 12 states that as an exception to the standard's requirements, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has applied this exception and has not yet assessed the deferred tax impact of Pillar Two income taxes. The Group will continue to monitor the Pillar Two requirements and will assess the accounting implications accordingly.

Due to significant areas of uncertainty, the quantitative impact of the enacted or substantively enacted Pillar Two legislation is not yet reasonably estimable.

It should be noted that, even for those jurisdictions with an accounting effective tax rate above 15 per cent, there may still be Pillar Two income tax implications due to different bases of calculation. The Group has engaged tax specialists to assist with applying the legislation.

Withholding tax on dividends

In some jurisdictions in which the Group operates, dividends remitted by subsidiaries to the Group are subject to withholding tax. The Group recognises deferred tax liabilities in respect of unremitted earnings of operations in jurisdictions where withholding tax charge would be incurred upon dividend distribution.

11. INCOME TAX (continued)

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Income tax reconciliation		
Profit before income tax	**4,564**	4,054
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**932**	780
Reduction in tax payable from:		
Life insurance tax[1]	**–**	(50)
Exempt investment income	**(338)**	(272)
Adjustments in respect of prior years	**(26)**	(43)
Changes in tax rate and law	**(196)**	(15)
	(560)	(380)
Increase in tax payable from:		
Life insurance tax[1]	**62**	–
Withholding taxes	**88**	100
Disallowed expenses	**111**	126
Unrecognised deferred tax assets	**39**	29
Provisions for uncertain tax positions[2]	**82**	2
Others	**29**	32
	411	289
Total income tax expense	**783**	689

Notes:

(1) Life insurance tax refers to the differences which arise where the tax regime specific to the life insurance business does not adopt net income as the basis for calculating taxable profit, for example Hong Kong, where life business taxable profit is derived from life premiums.

(2) Provisions for uncertain tax positions relate to situations where the Group's interpretation of the relevant law or regulation may differ from that of the tax authorities. Provisions are recognised based on management's judgement and best estimate in relation to the probability or likelihood of different outcomes arising, which is subject to periodic re-assessment. Due to the uncertainty associated with these items, there remains a possibility that the final outcomes may differ on conclusion of the relevant tax matters at a future date.

11. INCOME TAX (continued)

The movement in net deferred tax liabilities in the year may be analysed as set out below:

US$m	Net deferred tax asset/ (liability) at 1 January (restated)	Effect of changes in accounting policy	Net deferred tax asset/ (liability) at 1 January (restated)	Acquisition of a subsidiary[3]	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income: Fair value reserve[2]	Foreign currency translation reserve	Insurance finance reserve	Others	Other movements	Net deferred tax asset/ (liability) at year end
31 December 2023											
Revaluation of financial instruments	631	–	631	–	9	(1,002)	(11)	–	–	–	(373)
Insurance and investment contract liabilities	(3,427)	–	(3,427)	–	(469)	–	25	1,352	-	13	(2,506)
Withholding taxes	(267)	–	(267)	–	(23)	–	2	–	–	–	(288)
Provision for expenses	102	–	102	–	15	–	(1)	–	2	–	118
Losses available for offset against future taxable income	103	–	103	–	398	–	6	–	–	–	507
Life surplus[1]	(366)	–	(366)	–	(71)	–	6	–	–	–	(431)
Others	68	–	68	3	15	–	3	–	(19)	–	70
Total	**(3,156)**	**–**	**(3,156)**	**3**	**(126)**	**(1,002)**	**30**	**1,352**	**(17)**	**13**	**(2,903)**

US$m	Net deferred tax asset/ (liability) at 1 January – as previously reported	Effect of changes in accounting policy	Net deferred tax asset/ (liability) at 1 January (restated)	Acquisition of a subsidiary	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income: Fair value reserve[2]	Foreign currency translation reserve	Insurance finance reserve	Others	Other movements	Net deferred tax asset/ (liability) at year end (restated)
31 December 2022 (restated)											
Revaluation of financial instruments	(1,880)	(27)	(1,907)	–	799	1,731	8	–	–	–	631
Deferred acquisition costs	(3,657)	3,657	–	–	–	–	–	–	–	–	–
Insurance and investment contract liabilities	986	(2,554)	(1,568)	–	(860)	–	168	(1,167)	–	–	(3,427)
Withholding taxes	(273)	47	(226)	–	(58)	–	17	–	–	–	(267)
Provision for expenses	139	(78)	61	–	59	–	(12)	–	(6)	–	102
Losses available for offset against future taxable income	245	(105)	140	–	(33)	–	(4)	–	–	–	103
Life surplus[1]	(956)	580	(376)	–	(8)	–	18	–	–	–	(366)
Others	(536)	413	(123)	–	189	–	4	–	(2)	–	68
Total	(5,932)	1,933	(3,999)	–	88	1,731	199	(1,167)	(8)	–	(3,156)

Notes:

(1) Life surplus relates to the temporary difference which arises where the taxable profits are based on actual distributions from the long-term fund. This primarily relates to Singapore and Malaysia.

(2) Includes tax charge of US$1,022m (2022: tax credit of US$1,757m) relates to fair value gains or losses on debt securities measured at fair value through other comprehensive income and tax credit of US$20m (2022: tax charge of US$26m) relates to fair value losses or gains on debt securities measured at fair value through other comprehensive income reclassified to profit or loss.

(3) Includes a one-time adjustment of US$3m in respect of the acquisition of a subsidiary.

11. INCOME TAX (continued)

The principal temporary differences arise from the basis of recognition of insurance and investment contract liabilities, revaluation of certain financial assets and liabilities including derivative contracts and the future taxes arising on the surplus in life funds where the relevant local tax regime is distributions-based.

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The Group has not recognised deferred tax assets of US$106m (2022: US$57m) on tax losses and the temporary difference on insurance and investment contract liabilities arising from different accounting and statutory/tax reserving methodology for certain branches and subsidiaries on the basis that they have histories of tax losses and there is insufficient evidence that future taxable profits will be available.

The Group has not provided deferred tax liabilities of US$251m (2022: US$247m) in respect of unremitted earnings of operations in jurisdictions from which a withholding tax charge would be incurred upon distribution as the Group does not consider it probable that this portion of accumulated earnings will be remitted in the foreseeable future.

The Group has unused income tax losses carried forward in Mainland China, Hong Kong, Thailand, Singapore, Malaysia, Australia, Brunei, Cambodia, Macau, Myanmar, New Zealand, the Philippines, South Korea and Taiwan (China). The tax losses in Hong Kong, Singapore, Australia and New Zealand can be carried forward indefinitely. The tax losses of remaining branches and subsidiaries are due to expire within the periods ending 2025 (Macau), 2026 (Myanmar), 2027 (the Philippines), 2028 (Mainland China, Cambodia and Thailand), 2029 (Brunei) and 2033 (Malaysia, South Korea and Taiwan (China)).

12. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares outstanding during the year. The shares held by employee share-based trusts and shares that have been repurchased are not considered to be outstanding from the date of the purchase for the purposes of computing basic and diluted earnings per share.

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net profit attributable to shareholders of AIA Group Limited (US$m)	**3,764**	3,331
Weighted average number of ordinary shares outstanding (million)	**11,518**	11,929
Basic earnings per share (US cents)	**32.68**	27.92

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 36.

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net profit attributable to shareholders of AIA Group Limited (US$m)	**3,764**	3,331
Weighted average number of ordinary shares outstanding (million)	**11,518**	11,929
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	**10**	9
Weighted average number of ordinary shares for diluted earnings per share (million)	**11,528**	11,938
Diluted earnings per share (US cents)	**32.65**	27.90

At 31 December 2023, 6,276,007 share options (2022: 4,431,307) were excluded from the diluted weighted average number of ordinary shares calculation as they have no effect to the diluted earnings per share.

Operating profit after tax per share

Operating profit after tax (see note 5) per share is calculated by dividing the operating profit after tax attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares outstanding during the year. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 36.

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Basic operating profit after tax per share (US cents)	**53.94**	53.83
Diluted operating profit after tax per share (US cents)	**53.89**	53.79

13. DIVIDENDS

Dividends to shareholders of the Company attributable to the year:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Interim dividend declared and paid of 42.29 Hong Kong cents per share (2022: 40.28 Hong Kong cents per share)	**621**	609
Final dividend proposed after the reporting date of 119.07 Hong Kong cents per share (2022: 113.40 Hong Kong cents per share)[1]	**1,726**	1,702
Total	**2,347**	2,311

Notes:

(1) Based upon shares outstanding at 31 December 2023 and 31 December 2022 that are entitled to a dividend, other than those held by employee share-based trusts.

(2) Interim dividends on ordinary shares are recognised when they have been paid. Final dividends on ordinary shares are recognised when they have been approved by shareholders.

The above final dividend was proposed by the Board on 14 March 2024 subject to shareholders' approval at the AGM to be held on 24 May 2024. The proposed final dividend has not been recognised as a liability at the reporting date.

Dividends to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Final dividend in respect of the previous financial year, approved and paid during the year of 113.40 Hong Kong cents per share (2022: 108.00 Hong Kong cents per share)	**1,672**	1,650

14. INTANGIBLE ASSETS

US$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2022	1,854	923	903	3,680
Additions	–	364	296	660
Acquisition of subsidiaries	207	3	–	210
Disposals	–	(19)	(28)	(47)
Foreign exchange movements	(105)	(49)	(27)	(181)
At 31 December 2022	**1,956**	**1,222**	**1,144**	**4,322**
Additions	**–**	**329**	**46**	**375**
Acquisition of subsidiaries(1)	**186**	**9**	**59**	**254**
Disposals	**(46)**	**(43)**	**(2)**	**(91)**
Foreign exchange movements	**(13)**	**(11)**	**(7)**	**(31)**
At 31 December 2023	**2,083**	**1,506**	**1,240**	**4,829**
Accumulated amortisation and impairment				
At 1 January 2022	(4)	(569)	(193)	(766)
Amortisation charge for the year	–	(121)	(46)	(167)
Disposals	–	11	20	31
Impairment loss	(176)	–	–	(176)
Foreign exchange movements	–	27	6	33
At 31 December 2022	**(180)**	**(652)**	**(213)**	**(1,045)**
Amortisation charge for the year	**–**	**(152)**	**(53)**	**(205)**
Disposals	**30**	**6**	**1**	**37**
Foreign exchange movements	**(4)**	**2**	**1**	**(1)**
At 31 December 2023	**(154)**	**(796)**	**(264)**	**(1,214)**
Net book value				
At 31 December 2022	1,776	570	931	3,277
At 31 December 2023	**1,929**	**710**	**976**	**3,615**

Note:

(1) The Group is in the process of finalising the purchase price adjustments within the measurement period. The values of consideration and goodwill are therefore provisional as of 31 December 2023. The finalisation of the values of consideration and goodwill is expected to be completed within 12 months of the acquisition date.

The Group holds other intangible assets for its long-term use and, accordingly, the annual amortisation charge approximates to the amount expected to be recovered through consumption within 12 months after the end of the reporting period.

14. INTANGIBLE ASSETS (continued)

Impairment tests for goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill arises primarily in respect of the Group's insurance businesses in Malaysia of US$640m (2022: US$666m), Hong Kong of US$481m (2022: US$481m), Australia of US$420m (2022: US$406m) and New Zealand of US$154m (2022: US$153m).

Goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, to the recoverable amount of that cash-generating unit (group of units). If the recoverable amount of the unit (group of units) exceeds the carrying amount of the unit (group of units), the goodwill allocated to that unit (group of units) shall be regarded as not impaired. The recoverable amount is the value in use of the cash-generating unit (group of units) unless otherwise stated.

The value in use is determined by calculating as an actuarially determined appraisal value, based on embedded value of the business and the present value of expected future new business of the cash-generating unit (group of units). The present value of expected future new business is based on financial budgets approved by management, typically covering a three-year period unless otherwise stated. These financial budgets reflect management's best estimate of future profit based on historical experience and best estimate operating assumptions such as premium and expenses. Further, the present value of expected future new business beyond this initial three-year period are extrapolated using a perpetual growth rate, which typically does not exceed the long-term expected Gross Domestic Product (GDP) growth of the geographical area in which the cash flows supporting the goodwill are generated.

The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation. In the majority of instances these assumptions are aligned to those assumptions detailed in Section 5 of Supplementary Embedded Value Information. The present value of expected future new business is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projections. The risk discount rates that are used in the value in use of in-force business and present value of expected future new business ranges from 7 per cent to 14 per cent (2022: 7 per cent to 14 per cent) and the perpetual growth rates for future new business cash flows of 3 per cent (2022: 3 per cent) was used, where applicable, to extrapolate the present value of expected future new business beyond the initial three-year period; the rate was determined by reference to the long-term expected GDP growth of the geographical area in which the cash flows supporting the goodwill are generated. The Group may apply alternative methods to estimate the value of future new business if the described method is not appropriate under the circumstances.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

US$m	**As at 31 December 2023**	As at 31 December 2022 (restated)
Group		
Investments in associates	**1,331**	2,026
Investments in joint ventures	**–**	30
Total	**1,331**	2,056

Associates are entities over which the Group has significant influence, but which it does not control or joint control. Generally, it is presumed that the Group has significant influence if it has between 20 per cent and 50 per cent of voting rights. Joint ventures are entities whereby the Group and other parties undertake an economic activity which is subject to joint control arising from a contractual agreement.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Due to timing of the information provided by China Post Life Insurance Co., Ltd. and Tata AIA Life Insurance Company Limited, these investments are reported on a one-quarter-lag-basis.

Goodwill arising on associates and joint ventures is included within the carrying value of those investments. These are held for their long-term contribution to the Group's performance, therefore all amounts are expected to be realised more than 12 months after the end of the reporting period.

The Group's interests in its principal associates and joint ventures are as follows:

				Group's interests %	
	Place of incorporation	Principal activity	Type of shares held	**As at 31 December 2023**	As at 31 December 2022
China Post Life Insurance Co., Ltd.	Mainland China	Insurance	Ordinary	**24.99%**	24.99%
Tata AIA Life Insurance Company Limited	India	Insurance	Ordinary	**49%**	49%

All associates and joint ventures are unlisted.

Aggregated financial information of associates and joint ventures

The investments in associates and joint ventures are measured using the equity method. The following table analyses, in aggregate, the carrying amount and share of losses and other comprehensive expense of these associates and joint ventures.

US$m	**Year ended 31 December 2023**	Year ended 31 December 2022 (restated)
Carrying amount in the statement of financial position	**1,331**	2,056
Losses from continuing operations	**(267)**	(121)
Other comprehensive expense	**(496)**	(530)
Total comprehensive expense	**(763)**	(651)

16. PROPERTY, PLANT AND EQUIPMENT

US$m	Property held for own use using fair value model	Other property held for own use	Computer hardware	Fixtures and fittings and others	Total
Cost or revaluation or fair value					
At 1 January 2022 (restated)	603	2,296	254	621	3,774
Additions	–	167	31	41	239
Acquisition of subsidiaries	–	–	1	–	1
Disposals	–	(202)	(12)	(41)	(255)
Net transfers from investment property	–	157	–	–	157
(Decrease)/increase from valuation	(6)	59	–	–	53
Foreign exchange movements	–	(69)	(12)	(26)	(107)
At 31 December 2022 (restated)	**597**	**2,408**	**262**	**595**	**3,862**
Additions	**–**	**1,454**	**25**	**48**	**1,527**
Acquisition of subsidiaries	**–**	**8**	**1**	**6**	**15**
Disposals	**–**	**(174)**	**(15)**	**(92)**	**(281)**
Net transfers from investment property	**29**	**2**	**–**	**–**	**31**
Decrease from valuation	**(50)**	**(6)**	**–**	**–**	**(56)**
Foreign exchange movements	**–**	**(4)**	**–**	**–**	**(4)**
At 31 December 2023	**576**	**3,688**	**273**	**557**	**5,094**
Accumulated depreciation					
At 1 January 2022 (restated)	–	(390)	(209)	(431)	(1,030)
Depreciation charge for the year	–	(186)	(28)	(56)	(270)
Disposals	–	170	9	36	215
Impairment loss	–	–	–	(9)	(9)
Revaluation adjustment	–	19	–	–	19
Foreign exchange movements	–	25	11	21	57
At 31 December 2022 (restated)	**–**	**(362)**	**(217)**	**(439)**	**(1,018)**
Depreciation charge for the year	**–**	**(188)**	**(28)**	**(48)**	**(264)**
Disposals	**–**	**138**	**11**	**49**	**198**
Impairment loss	**–**	**–**	**–**	**–**	**–**
Revaluation adjustment	**–**	**47**	**–**	**–**	**47**
Foreign exchange movements	**–**	**–**	**–**	**1**	**1**
At 31 December 2023	**–**	**(365)**	**(234)**	**(437)**	**(1,036)**
Net book value					
At 31 December 2022	597	2,046	45	156	2,844
At 31 December 2023	**576**	**3,323**	**39**	**120**	**4,058**

The Group leases various properties, computer hardware, fixtures, fittings and other small items as a lessee. These leases, except for short-term leases and leases of low-value assets, are recognised as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. Right-of-use assets are presented as a component of property, plant and equipment or investment property while lease liabilities are presented as a component of other liabilities (see notes 17 and 30). The depreciation charge for right-of-use assets, by class of underlying asset, and finance cost on lease liabilities are disclosed in note 10. Assets and liabilities arising from a lease are initially measured on a present value basis. A maturity analysis of the Group's lease liabilities is disclosed in note 34.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets in relation to leases are reported within property, plant and equipment. The carrying amount of right-of-use assets, by class of underlying asset, is set out below:

US$m	As at 31 December 2023	As at 31 December 2022 (restated)
Property held for own use using fair value model	**507**	534
Other property held for own use	**827**	874
Computer hardware	**2**	2
Fixtures and fittings and others	**2**	2
Total	**1,338**	1,412

Additions to right-of-use assets for the year ended 31 December 2023 were US$150m (2022: US$148m).

Property held for own use, which is solely held as an underlying item of insurance contracts with direct participation features, is measured initially at cost and subsequently at fair value, with any change therein recognised in profit or loss. Other properties held for own use and right-of-use assets with respect to the Group's interests in leasehold land and land use rights associated with property held for own use are carried at fair value at the reporting date less accumulated depreciation. The fair value at the reporting date is determined by independent professional valuers. Details of valuation techniques and process are disclosed in notes 3 and 20. All other property, plant and equipment and right-of-use assets in relation to other leased property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties held for own use using fair value model

During the year, nil expenditure (2022: nil) recognised in the carrying amount of property held for own use was in the course of its construction. Decrease from revaluation on property held for own use of US$50m (2022: Decrease from revaluation on property held for own use of US$6m) were taken to profit or loss, of which US$47m (2022: US$4m) was related to right-of-use assets.

If property held for own use (excluding right-of-use assets) were stated on a historical cost basis, the carrying value would be US$53m (2022: US$48m). Similarly, stated on a historical basis the carrying value of the right-of-use assets related to the Group's interests in leasehold land and land use rights associated with property held for own use would be US$526m (2022: US$515m).

Properties held for own use using revaluation model

During the year, US$177m expenditure (2022: US$68m) recognised in the carrying amount of property held for own use was in the course of its construction. Increase from revaluation on property held for own use of US$41m (2022: Increase from revaluation on property held for own use of US$78m) were taken to other comprehensive income, of which US$(17)m (2022: US$27m) was related to right-of-use assets.

If property held for own use (excluding right-of-use assets) were stated on a historical cost basis, the carrying value would be US$1,565m (2022: US$327m). Similarly, stated on a historical basis the carrying value of the right-of-use assets related to the Group's interests in leasehold land and land use rights associated with property held for own use would be US$302m (2022: US$353m). The Group holds property, plant and equipment for its long-term use and, accordingly, the annual depreciation charge approximates to the amount expected to be recovered through consumption within 12 months after the end of the reporting period.

17. INVESTMENT PROPERTY

US$m	
Fair value	
At 1 January 2022	4,716
Additions and capitalised subsequent expenditures	68
Disposals	(5)
Net transfers to property, plant and equipment	(157)
Fair value gains	70
Foreign exchange movements	(92)
At 31 December 2022	**4,600**
Additions and capitalised subsequent expenditures	**45**
Acquisition of a subsidiary	**1**
Disposals	**(4)**
Net transfers to property, plant and equipment	**(31)**
Fair value losses	**(97)**
Foreign exchange movements	**(10)**
At 31 December 2023	**4,504**

Investment property, including land and buildings, is initially recognised at cost with changes in fair values in subsequent periods recognised in the consolidated income statement. The fair values at the reporting date are determined by independent professional valuers. Details of valuation techniques and process are disclosed in notes 3 and 20.

The Group leases out its investment property under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease based on future negotiations. Lease payments are usually negotiated every one to five years to reflect market rentals. There were not any material contingent rentals earned as income for the year. Rental income generated from investment property amounted to US$154m (2022: US$161m). Direct operating expenses (including repair and maintenance) on investment property that generates rental income amounted to US$35m (2022: US$33m).

The Group owns investment property in the form of freehold land outside Hong Kong and leasehold land. Leasehold land which is held for long-term rental or capital appreciation or both that is not occupied by the Group is classified as investment property. They are leased out under operating leases and are initially recognised as right-of-use assets at cost, with changes in fair values in subsequent periods recognised in the consolidated income statement. The Group does not hold freehold land in Hong Kong.

The future undiscounted lease payments under operating leases that the Group expects to receive in future periods may be analysed as follows:

US$m	**As at 31 December 2023**	As at 31 December 2022
Leases of investment property classified as operating leases		
Expiring no later than one year	**129**	124
Expiring later than one year and no later than two years	**87**	110
Expiring later than two years and no later than three years	**47**	56
Expiring later than three years and no later than four years	**28**	24
Expiring later than four years and no later than five years	**16**	16
Expiring after five years or more	**27**	12
Total undiscounted lease receipts	**334**	342

18. FINANCIAL INVESTMENTS

The following tables analyse the Group's financial investments by type and nature. The Group manages its financial investments in two distinct categories: unit-linked investments and policyholder and shareholder investments. The investment risk in respect of unit-linked investments is generally borne by our customers and is measured at fair value through profit or loss. Policyholder and shareholder investments include all financial investments other than unit-linked investments. The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Group.

Policyholder and shareholder investments are further categorised as participating funds and other participating business with discretionary expected sharing with policyholders and underlying distinct investment portfolios (Other participating business with distinct portfolios), and other policyholder and shareholder. The Group has elected to separately analyse financial investments held by participating funds and other participating business with distinct portfolios within policyholder and shareholder investments as they are subject to local regulations that generally prescribe a minimum proportion of policyholder participation in declared dividends. The Group measures debt securities, equity shares and interests in investment funds of participating funds and other participating business with distinct portfolios at fair value through profit or loss.

Other policyholder and shareholder investments are distinct from unit-linked investments and participating funds and other participating business with distinct portfolios as there is not any direct contractual or regulatory requirement governing the amount, if any, for allocation to policyholders. The Group measures equity shares, interests in investment funds and exchangeable loan notes at fair value through profit or loss in this category and at fair value through other comprehensive income in respect of the majority of debt securities in this category. The investment risk from investments in this category directly impacts the Group's financial statements. For certain benefits of business written in "Participating funds and Other participating business with distinct portfolios" funds and "Unit-linked" funds that are not supported by the underlying segregated assets, the backing assets are generally included in the "Other policyholder and shareholder" funds.

In the following tables, "FVTPL" indicates financial investments classified at fair value through profit or loss, "FVOCI" indicates financial investments classified at fair value through other comprehensive income and "AC" indicates financial investments classified at amortised cost.

Debt securities

In compiling the tables, external ratings have been used where available. External ratings have been used in accordance with the Group's credit risk assessment framework. Where external ratings are not readily available an internal rating methodology has been adopted, if applicable.

Credit risk limits are set according to the Group's credit risk assessment framework, which defines the relative risk level of a debt security.

External ratings		Internal ratings	Reported as
Standard and Poor's and Fitch	Moody's		
AAA	Aaa	1	AAA
AA+ to AA-	Aa1 to Aa3	2+ to 2-	AA
A+ to A-	A1 to A3	3+ to 3-	A
BBB+ to BBB-	Baa1 to Baa3	4+ to 4-	BBB
BB+ and below	Ba1 and below	5+ and below	Below investment grade

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following:

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
31 December 2023									
Government bonds[3]									
By jurisdiction									
Mainland China	7,791	–	23,277	–	31,068	54	–	–	31,122
Thailand	–	1,323	11,314	–	12,637	–	–	–	12,637
United States	3,645	–	3,514	–	7,159	91	–	–	7,250
South Korea	–	–	6,524	–	6,524	248	–	–	6,772
Singapore	5,073	–	1,201	–	6,274	975	10	–	7,259
Philippines	275	82	1,643	36	2,036	238	–	–	2,274
Malaysia	1,416	202	543	–	2,161	346	43	–	2,550
Indonesia	792	–	1,148	16	1,956	131	27	–	2,114
Other	2,035	2	3,237	281	5,555	133	–	–	5,688
Subtotal, by jurisdiction	21,027	1,609	52,401	333	75,370	2,216	80	–	77,666
By credit rating									
AAA	6,211	–	3,807	–	10,018	977	10	–	11,005
AA	3,785	1	9,320	225	13,331	449	–	–	13,780
A	8,851	98	23,689	46	32,684	360	18	–	33,062
BBB	2,121	1,510	14,765	62	18,458	430	52	–	18,940
Below investment grade	59	–	820	–	879	–	–	–	879
Not rated	–	–	–	–	–	–	–	–	–
Subtotal, by credit rating	21,027	1,609	52,401	333	75,370	2,216	80	–	77,666
Government agency bonds[4]									
AAA	1,965	–	948	31	2,944	210	10	–	3,164
AA	633	1	2,089	102	2,825	72	–	131	3,028
A	3,467	33	2,244	50	5,794	170	44	–	6,008
BBB	705	19	1,586	50	2,360	45	3	–	2,408
Below investment grade	68	–	177	13	258	1	4	–	263
Not rated	–	–	–	–	–	12	–	–	12
Subtotal	6,838	53	7,044	246	14,181	510	61	131	14,883

Notes:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities. Where consolidated investment funds are held by third-party unit holders, these continue to be classified under consolidated investment funds.

(2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

(3) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments. The Group has enhanced the government bonds analysis to be presented by credit rating. The 2022 comparative information has been adjusted to conform to this presentation.

(4) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities; multilateral development banks and supranational organisations.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US$m	Policyholder and shareholder: Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder FVTPL	Other policyholder and shareholder FVOCI	Other policyholder and shareholder AC	Subtotal	Unit-linked FVTPL	Unit-linked[2] FVOCI	Consolidated investment funds[1] FVTPL	Total
31 December 2023									
Corporate bonds									
AAA	**643**	**1**	**205**	**–**	**849**	**–**	**–**	**–**	**849**
AA	**3,347**	**2**	**2,216**	**162**	**5,727**	**201**	**–**	**141**	**6,069**
A	**23,063**	**212**	**11,690**	**888**	**35,853**	**1,498**	**109**	**510**	**37,970**
BBB	**21,602**	**294**	**11,627**	**395**	**33,918**	**860**	**70**	**123**	**34,971**
Below investment grade	**748**	**317**	**1,459**	**132**	**2,656**	**244**	**17**	**–**	**2,917**
Not rated	**–**	**12**	**2**	**9**	**23**	**230**	**–**	**–**	**253**
Subtotal	**49,403**	**838**	**27,199**	**1,586**	**79,026**	**3,033**	**196**	**774**	**83,029**
Structured securities[5]									
AAA	**20**	**–**	**142**	**–**	**162**	**–**	**–**	**–**	**162**
AA	**52**	**–**	**246**	**–**	**298**	**–**	**–**	**–**	**298**
A	**82**	**–**	**598**	**–**	**680**	**32**	**–**	**–**	**712**
BBB	**127**	**73**	**645**	**–**	**845**	**19**	**–**	**–**	**864**
Below investment grade	**67**	**71**	**–**	**–**	**138**	**–**	**–**	**–**	**138**
Not rated	**5**	**1**	**–**	**–**	**6**	**–**	**–**	**–**	**6**
Subtotal	**353**	**145**	**1,631**	**–**	**2,129**	**51**	**–**	**–**	**2,180**
Total[6]	**77,621**	**2,645**	**88,275**	**2,165**	**170,706**	**5,810**	**337**	**905**	**177,758**

Notes:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities. Where consolidated investment funds are held by third-party unit holders, these continue to be classified under consolidated investment funds.

(2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

(5) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(6) Debt securities of US$8,869m are restricted due to local regulatory requirements.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
31 December 2022 (restated)									
Government bonds[3]									
By jurisdiction									
Mainland China	6,048	–	19,740	–	25,788	84	–	–	25,872
Thailand	–	1,169	10,984	–	12,153	1	–	–	12,154
United States	917	131	5,250	–	6,298	89	–	–	6,387
South Korea	–	–	5,949	–	5,949	263	–	–	6,212
Singapore	4,389	–	1,455	–	5,844	824	3	–	6,671
Philippines	150	79	1,560	27	1,816	237	–	–	2,053
Malaysia	1,364	246	502	–	2,112	178	68	–	2,358
Indonesia	755	–	1,017	16	1,788	116	31	–	1,935
Other	1,891	2	2,955	272	5,120	160	–	–	5,280
Subtotal, by jurisdiction	15,514	1,627	49,412	315	66,868	1,952	102	–	68,922
By credit rating									
AAA	5,664	132	7,987	–	13,783	960	3	–	14,746
AA	784	1	6,533	217	7,535	319	–	–	7,854
A	6,961	180	20,221	46	27,408	283	54	–	27,745
BBB	2,058	1,314	14,107	52	17,531	390	45	–	17,966
Below investment grade	47	–	564	–	611	–	–	–	611
Not rated	–	–	–	–	–	–	–	–	–
Subtotal, by credit rating	15,514	1,627	49,412	315	66,868	1,952	102	–	68,922
Government agency bonds[4]									
AAA	2,055	–	966	31	3,052	237	5	–	3,294
AA	550	–	2,068	63	2,681	121	–	189	2,991
A	3,662	6	2,511	84	6,263	201	50	9	6,523
BBB	641	18	1,648	20	2,327	53	–	–	2,380
Below investment grade	63	–	174	13	250	6	9	–	265
Not rated	–	–	–	–	–	–	–	–	–
Subtotal	6,971	24	7,367	211	14,573	618	64	198	15,453

Notes:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities. Where consolidated investment funds are held by third-party unit holders, these continue to be classified under consolidated investment funds.

(2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

(3) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments. The Group has enhanced the government bonds analysis to be presented by credit rating. The 2022 comparative information has been adjusted to conform to this presentation.

(4) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities; multilateral development banks and supranational organisations.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
31 December 2022 (restated)									
Corporate bonds									
AAA	526	–	233	–	759	12	–	–	771
AA	3,051	8	1,883	148	5,090	137	–	205	5,432
A	21,046	237	11,618	758	33,659	1,079	98	660	35,496
BBB	20,893	119	12,437	354	33,803	936	56	142	34,937
Below investment grade	638	341	1,429	1	2,409	197	17	–	2,623
Not rated	7	15	–	–	22	293	–	–	315
Subtotal	46,161	720	27,600	1,261	75,742	2,654	171	1,007	79,574
Structured securities[5]									
AAA	31	38	77	–	146	46	–	–	192
AA	83	–	160	–	243	–	–	–	243
A	83	–	524	–	607	38	–	–	645
BBB	112	90	591	–	793	19	–	–	812
Below investment grade	50	71	–	–	121	–	–	–	121
Not rated	14	206	29	–	249	–	–	–	249
Subtotal	373	405	1,381	–	2,159	103	–	–	2,262
Total[6]	69,019	2,776	85,760	1,787	159,342	5,327	337	1,205	166,211

Notes:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities. Where consolidated investment funds are held by third-party unit holders, these continue to be classified under consolidated investment funds.

(2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

(5) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(6) Debt securities of US$9,885m are restricted due to local regulatory requirements.

18. FINANCIAL INVESTMENTS (continued)

Equity shares, interests in investment funds and exchangeable loan notes

Equity shares, interests in investment funds and exchangeable loan notes comprise the following:

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
31 December 2023						
Equity shares	**7,533**	**4,604**	**12,137**	**7,150**	**–**	**19,287**
Interests in investment funds and exchangeable loan notes	**22,676**	**6,864**	**29,540**	**17,626**	**–**	**47,166**
Total	**30,209**	**11,468**	**41,677**	**24,776**	**–**	**66,453**

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
31 December 2022 (restated)						
Equity shares	13,241	4,765	18,006	7,685	–	25,691
Interests in investment funds and exchangeable loan notes	14,307	7,214	21,521	17,056	–	38,577
Total	27,548	11,979	39,527	24,741	–	64,268

Note:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities. Where consolidated investment funds are held by third-party unit holders, these continue to be classified under consolidated investment funds.

18. FINANCIAL INVESTMENTS (continued)

Interests in structured entities

The Group has determined that the investment funds and structured securities, such as collateralised debt obligations, mortgage-backed securities and other asset-backed securities that the Group has interests are structured entities.

The Group has consolidated certain investment funds for which the Group provides guarantee on capital or rate of return to the investors and deemed to have control based on an analysis of the guidance in IFRS 10. For these investment funds, the Group has the ability to reduce the guaranteed rates of return, subject to obtaining approvals of applicable regulators. The Group has an obligation to absorb losses in the event that the returns of the funds are insufficient to cover the capital or rate of return guarantee provided to the investors.

The following table summarises the Group's interests in unconsolidated structured entities:

	As at 31 December 2023		As at 31 December 2022(restated)	
US$m	Investment funds	Structured securities[1]	Investment funds	Structured securities[1]
Debt securities at amortised cost	**13[2]**	**–**	–	–
Debt securities at fair value through other comprehensive income	**830[2]**	**1,631**	806[2]	1,381
Debt securities at fair value through profit or loss	**1,965[2]**	**549**	1,609[2]	881
Interests in investment funds at fair value through profit or loss	**45,994**	**–**	37,327	–
Total	**48,802**	**2,180**	39,742	2,262

Notes:

(1) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(2) Balance represents the Group's interests in debt securities issued by real estate investment trusts.

The Group's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and interest revenue are received during the reporting period from these interests in unconsolidated structured entities.

In addition, the Group receives management fees and trustee fees in respect of providing trustee, management and administrative services to certain retirement scheme funds and investment funds. These funds are not held and the associated investment risks are not borne by the Group, the Group does not have exposure to loss in these funds.

18. FINANCIAL INVESTMENTS (continued)

Loans and deposits

Loans and deposits by type comprise the following:

US$m	As at 31 December 2023	As at 31 December 2022 (restated)
Mortgage loans on residential real estate	**452**	469
Mortgage loans on commercial real estate	**2**	2
Other loans	**203**	372
Loss allowance for loans	**(10)**	(9)
Loans	**647**	834
Term deposits	**1,834**	2,509
Promissory notes[(1)]	**1,524**	1,520
Loss allowance for deposits measured at amortised cost	**(10)**	(18)
Total	**3,995**	4,845

Note:

(1) The promissory notes are issued by a government. Promissory notes of US$272m (2022: US$279m) are measured at fair value through profit or loss.

Certain term deposits with financial institutions and promissory notes are restricted due to local regulatory requirements or other pledge restrictions. At 31 December 2023, the restricted balance held within term deposits and promissory notes was US$372m (2022: US$381m).

Other loans include receivables from reverse repurchase agreements (reverse repos) under which the Group does not take physical possession of securities purchased under the agreements. Reverse repos are initially recorded at the cost of the loan or collateral advanced. At 31 December 2023, the carrying value of such receivables was US$99m (2022: US$261m).

At 31 December 2023, there was no material debt collateral received in respect of reverse repos.

Maturity profile of debt securities, loans and deposits

The table below shows the maturity profile of debt securities, loans and deposits based on contractual maturity dates. The maturity profile below excludes unit-linked investments and consolidated investment funds as the investment risk is generally borne by our customers.

US$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2023						
Debt securities	**170,706**	**5,754**	**19,990**	**16,630**	**128,332**	**–**
Loans and deposits	**3,930**	**996**	**917**	**454**	**1,553**	**10**
Total	**174,636**	**6,750**	**20,907**	**17,084**	**129,885**	**10**

US$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2022 (restated)						
Debt securities	159,342	7,465	20,197	17,252	114,428	–
Loans and deposits	4,500	1,833	647	470	1,534	16
Total	163,842	9,298	20,844	17,722	115,962	16

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative exposure was as follows:

US$m	Notional amount	Fair value	
		Assets	Liabilities
31 December 2023			
Foreign exchange contracts			
Cross-currency swaps	**8,429**	**342**	**(271)**
Forwards	**4,964**	**41**	**(78)**
Foreign exchange futures	**41**	**–**	**–**
Total foreign exchange contracts	**13,434**	**383**	**(349)**
Interest rate contracts			
Interest rate swaps	**3,930**	**210**	**(109)**
Other			
Warrants and options	**1,424**	**11**	**(2)**
Forward contracts	**36,758**	**148**	**(7,575)**
Swaps	**–**	**–**	**–**
Netting	**(41)**	**–**	**–**
Total	**55,505**	**752**	**(8,035)**
31 December 2022			
Foreign exchange contracts			
Cross-currency swaps	6,994	220	(295)
Forwards	6,025	56	(86)
Foreign exchange futures	48	–	–
Total foreign exchange contracts	13,067	276	(381)
Interest rate contracts			
Interest rate swaps	8,500	240	(283)
Other			
Warrants and options	1,344	27	(1)
Forward contracts	37,995	74	(8,056)
Swaps	2,051	13	(18)
Netting	(48)	–	–
Total	62,909	630	(8,739)

The column "notional amount" in the above table refers to the pay leg of derivative transactions other than equity-index options. For certain equity-index call and put options with the same notional amount that are purchased to hedge the downside risk of the underlying equities by means of a collar strategy, the notional amount represents the exposure of the hedged equities.

Of the total derivatives, US$8m (2022: US$32m) are listed in exchange or dealer markets and the rest are over-the-counter (OTC) derivatives. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. OTC derivatives include forwards, swaps and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative assets and derivative liabilities are recognised in the consolidated statement of financial position as derivative financial assets at fair value through profit or loss and derivative financial liabilities respectively. The Group's derivative contracts are established to provide an economic hedge to financial exposures. The Group adopts hedge accounting in limited circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the consolidated statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the previous table reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of derivative transactions.

Foreign exchange contracts

Foreign exchange forward and futures contracts represent agreements to exchange one currency for another currency at an agreed price and settlement date. Currency options are agreements that give the buyer the right to exchange one currency for another currency at agreed prices and settlement dates. Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatilities of the underlying indices and the timing of payments.

Interest rate swaps

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.

Other derivatives

Warrants and options are option agreements that give the owner the right to buy or sell securities at an agreed price and settlement date. Forward contracts are contractual obligations to buy or sell a financial instrument on a predetermined future date at a specified price. Swaps are OTC contractual agreements between the Group and a third party to exchange a series of cash flows based upon index, rates or other variables applied to a notional amount.

Netting adjustment

The netting adjustment is related to futures contracts executed through clearing house where the settlement arrangement satisfies the netting criteria under IFRS Accounting Standards.

Collateral under derivative transactions

At 31 December 2023, the Group had posted cash collateral of US$213m (2022: US$309m) and pledged debt securities with carrying value of US$8,639m (2022: US$9,656m) for liabilities, and held cash collateral of US$340m (2022: US$231m) and debt securities collateral with carrying value of US$95m (2022: US$55m) for assets in respect of derivative transactions. The Group did not sell or repledge the debt collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard repurchase agreements.

20. FAIR VALUE MEASUREMENT

Fair value of financial instruments

The Group classifies all financial assets as either at fair value through profit or loss (mandatory and designated), or as at fair value through other comprehensive income, or at amortised cost. Financial liabilities are classified as either at fair value through profit or loss (mandatory and designated) or at amortised cost, except for investment contracts with DPF which are accounted for under IFRS 17.

The following tables present the fair values of the Group's financial assets and financial liabilities:

		Fair value					
US$m	Notes	FVTPL – mandatory	FVTPL – designated	FVOCI	Amortised cost	Total carrying value	Total fair value
31 December 2023							
Financial investments	18						
Loans and deposits		–	272	–	3,723	3,995	4,100
Debt securities		8,086	78,895	88,612	2,165	177,758	177,508
Equity shares, interests in investment funds and exchangeable loan notes		66,453	–	–	–	66,453	66,453
Derivative financial instruments	19	752	–	–	–	752	752
Receivables	21	–	–	–	1,294	1,294	1,294
Accrued investment income	21	–	–	–	1,832	1,832	1,832
Cash and cash equivalents	22	4,970	–	–	6,555	11,525	11,525
Financial assets		**80,261**	**79,167**	**88,612**	**15,569**	**263,609**	**263,464**

		Fair value				
	Notes	FVTPL – mandatory	FVTPL – designated	Amortised cost	Total carrying value	Total fair value
Financial liabilities						
Investment contract liabilities	25	–	8,460	515	8,975	8,975
Borrowings	26	–	–	11,800	11,800	10,875
Obligations under repurchase agreements	27	–	–	3,461	3,461	3,461
Derivative financial instruments	19	8,035	–	–	8,035	8,035
Other liabilities	30	–	844	4,043	4,887	4,887
Financial liabilities		**8,035**	**9,304**	**19,819**	**37,158**	**36,233**

20. FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

US$m	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated	FVOCI			
31 December 2022 (restated)							
Financial investments	18						
Loans and deposits		–	279	–	4,566	4,845	4,912
Debt securities		7,482	70,845	86,097	1,787	166,211	165,944
Equity shares, interests in investment funds and exchangeable loan notes		64,268	–	–	–	64,268	64,268
Derivative financial instruments	19	630	–	–	–	630	630
Receivables	21	–	–	–	1,718	1,718	1,718
Accrued investment income	21	–	–	–	1,752	1,752	1,752
Cash and cash equivalents	22	2,248	–	–	6,721	8,969	8,969
Financial assets		74,628	71,124	86,097	16,544	248,393	248,193

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated			
Financial liabilities						
Investment contract liabilities	25	–	11,226	530	11,756	11,756
Borrowings	26	–	–	11,206	11,206	9,837
Obligations under repurchase agreements	27	–	–	1,748	1,748	1,748
Derivative financial instruments	19	8,739	–	–	8,739	8,739
Other liabilities	30	–	865	3,444	4,309	4,309
Financial liabilities		8,739	12,091	16,928	37,758	36,389

The carrying amount of assets included in the above tables represents the maximum credit exposure.

Foreign currency exposure, including the net positions of foreign currency derivative, is shown in note 34 for the Group's key foreign exchange exposures.

The fair value of investment contract liabilities measured at amortised cost is not considered to be materially different from the amortised cost carrying value.

The carrying value of financial instruments expected to be settled within 12 months (after taking into account valuation allowances, where applicable) is not considered to be materially different from the fair value.

20. FAIR VALUE MEASUREMENT (continued)

Fair value measurements on a recurring basis

The Group measures at fair value property held for own use, investment property, financial instruments classified at fair value through profit or loss, financial instruments classified at fair value through other comprehensive income, derivative assets and liabilities, investments held by investment funds which are consolidated, investments in non-consolidated investment funds and certain investment contract liabilities on a recurring basis.

The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Fair value of properties is based on valuation by independent professional valuers.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the years ended 31 December 2023 and 31 December 2022.

The following methods and assumptions were used by the Group to estimate the fair value of financial instruments and properties.

Determination of fair value

Loans and receivables

For loans and advances that are repriced frequently and have not had any significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans are estimated by discounting expected future cash flows using interest rates offered for similar loans to borrowers with similar credit ratings.

The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered in respect of similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

Debt securities, equity shares, interests in investment funds and exchangeable loan notes

The fair values of equity shares, interests in investment funds and exchangeable loan notes are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for fixed interest securities are based on quoted market prices, where available. For those investments not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determining fair value that are relevant to fixed interest securities include, but not limited to risk-free interest rates, the obligor's credit spreads, foreign exchange rates and credit default rates. For holdings in hedge funds and limited partnerships, fair values are determined based on the net asset values provided by the general partner or manager of each investment, the accounts of which are generally audited on an annual basis. The transaction price is used as the best estimate of fair value at inception.

20. FAIR VALUE MEASUREMENT (continued)

Determination of fair value (continued)

Derivative financial instruments

The Group values its derivative financial assets and liabilities using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contract terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Group generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. Examples of inputs that are generally observable include foreign exchange spot and forward rates, benchmark interest rate curves and volatilities for commonly traded option products. Examples of inputs that may be unobservable include volatilities for less commonly traded option products and correlations between market factors.

When the Group holds a group of derivative assets and derivative liabilities entered into with a particular counterparty, the Group takes into account the arrangements that mitigate credit risk exposure in the event of default (e.g. International Swap and Derivatives Association (ISDA) Master Agreements and Credit Support Annex (CSA) that require the exchange of collateral on the basis of each party's net credit risk exposure). The Group measures the fair value of the group of financial assets and financial liabilities on the basis of its net exposure to the credit risk of that counterparty or the counterparty's net exposure to our credit risk that reflects market participants' expectations about the likelihood that such an arrangement would be legally enforceable in the event of default.

Property held for own use and investment property

The Group engaged external, independent and qualified valuers to determine the fair value of the Group's properties at least on an annual basis. The valuation on an open market value basis by independent professional valuer for certain investment properties was calculated by reference to net rental income allowing for reversionary income potential. The fair values of certain other properties were derived using the Market Data Approach. In this approach, the values are based on sales and listing of comparable property registered in the vicinity. Certain other properties are valued using a combination of these two methods.

The properties held for own use and investment properties, in most cases, are valued on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. The current use of the properties is considered to be its highest and best use; records of recent sales and offerings of similar property are analysed and comparison made for such factors as size, location, quality and prospective use. On limited occasions, potential redevelopment of the properties in use would be taken into account when they would maximise the fair value of the properties; the Group is occupying these properties for operational purposes.

Cash and cash equivalents

The carrying amount of cash approximates to its fair value.

Fair value of securities sold under repurchase agreements and the associated payables

The contract values of payables under repurchase agreements approximate to their fair value as these obligations are short-term in nature.

Other assets

The carrying amount of other financial assets is not materially different to their fair value. The fair values of deposits with banks are generally based on quoted market prices or, if unquoted, on estimates based on discounting future cash flows using available market interest rates offered for receivables with similar characteristics.

20. FAIR VALUE MEASUREMENT (continued)

Determination of fair value (continued)

Investment contract liabilities

For investment contract liabilities, the fair values have been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For investment contracts where the investment risk is borne by the policyholder, the fair value generally approximates to the fair value of the underlying assets.

Investment contracts with DPF enable the contract holder to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating business and are measured and classified according to the Group practice for insurance contract liabilities and hence are disclosed within note 24. These are not measured at fair value as the Group applies the same accounting policies for the measurement of investment contracts with DPF as it does for insurance contracts under IFRS 17.

Borrowings

The fair values of borrowings have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities or prices obtained from brokers.

Other liabilities

The fair values of other unquoted financial liabilities are estimated by discounting expected future cash flows using current market rates applicable to their yield, credit quality and maturity, except for those without stated maturity, where the carrying value approximates to fair value.

Fair value hierarchy for fair value measurement on a recurring basis

Assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three "levels" based on the observability of inputs available in the marketplace used to measure their fair values as discussed below:

- **Level 1**: Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities. The Group considers that government debt securities issued by G7 countries (the United States, Canada, France, Germany, Italy, Japan, the United Kingdom) and traded in a dealer market to be Level 1, until they no longer trade with sufficient frequency and volume to be considered actively traded.
- **Level 2**: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset and liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Assets and liabilities measured at fair value on a recurring basis and classified as Level 2 generally include government debt securities issued by non-G7 countries, most investment grade corporate bonds, hedge fund investments and derivative contracts.
- **Level 3**: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability. Assets and liabilities measured at fair value on a recurring basis and classified as Level 3 include properties held for own use, investment properties, certain classes of structured securities, certain derivative contracts, private equity and real estate fund investments, and direct private equity investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Group considers factors specific to the asset or liability.

20. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2023				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	–	–	2,565	2,565
Investment property	–	–	4,504	4,504
Financial assets				
At fair value through other comprehensive income				
Debt securities	78	86,177	2,357	88,612
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	173	75,640	1,808	77,621
Unit-linked and consolidated investment funds	3	6,712	–	6,715
Other policyholder and shareholder	–	2,450	195	2,645
Loans and deposits	–	–	272	272
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	15,149	1,283	13,777	30,209
Unit-linked and consolidated investment funds	24,374	379	23	24,776
Other policyholder and shareholder	4,805	1,285	5,378	11,468
Cash and cash equivalents				
Other policyholder and shareholder	4,970	–	–	4,970
Derivative financial instruments				
Foreign exchange contracts	–	383	–	383
Interest rate contracts	–	210	–	210
Other contracts	4	147	8	159
Total assets on a recurring fair value measurement basis	49,556	174,666	30,887	255,109
% of Total	*19.4%*	*68.5%*	*12.1%*	*100.0%*
Financial liabilities				
Investment contract liabilities	–	6,607	1,853	8,460
Derivative financial instruments				
Foreign exchange contracts	–	349	–	349
Interest rate contracts	–	109	–	109
Other contracts	4	7,573	–	7,577
Other liabilities	–	844	–	844
Total liabilities on a recurring fair value measurement basis	4	15,482	1,853	17,339
% of Total	*0.0%*	*89.3%*	*10.7%*	*100.0%*

20. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2022 (restated)				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	–	–	1,235	1,235
Investment property	–	–	4,600	4,600
Financial assets				
At fair value through other comprehensive income				
Debt securities	–	84,300	1,797	86,097
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	2	67,408	1,609	69,019
Unit-linked and consolidated investment funds	16	6,516	–	6,532
Other policyholder and shareholder	–	2,347	429	2,776
Loans and deposits	–	–	279	279
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	16,372	1,266	9,910	27,548
Unit-linked and consolidated investment funds	24,121	249	371	24,741
Other policyholder and shareholder	4,920	1,782	5,277	11,979
Cash and cash equivalents				
Other policyholder and shareholder	2,248	–	–	2,248
Derivative financial instruments				
Foreign exchange contracts	–	276	–	276
Interest rate contracts	–	240	–	240
Other contracts	17	56	41	114
Total assets on a recurring fair value measurement basis	47,696	164,440	25,548	237,684
% of Total	*20.1%*	*69.2%*	*10.7%*	*100.0%*
Financial liabilities				
Investment contract liabilities	–	9,042	2,184	11,226
Derivative financial instruments				
Foreign exchange contracts	–	381	–	381
Interest rate contracts	–	283	–	283
Other contracts	14	8,061	–	8,075
Other liabilities	–	865	–	865
Total liabilities on a recurring fair value measurement basis	14	18,632	2,184	20,830
% of Total	*0.1%*	*89.4%*	*10.5%*	*100.0%*

20. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the year ended 31 December 2023, the Group transferred US$1m (2022: US$103m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. The Group transferred US$58m (2022: US$28m) of assets from Level 2 to Level 1 during the year ended 31 December 2023.

The Group's Level 2 financial instruments include debt securities, equity shares, interests in investment funds, derivative financial instruments, investment contract liabilities and other liabilities. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from private pricing services and brokers are not available, internal valuation techniques and inputs will be used to derive the fair value for the financial instruments.

The tables below set out a summary of changes in the Group's Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended 31 December 2023 and 31 December 2022. The tables reflect gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 31 December 2023 and 31 December 2022.

Level 3 assets and liabilities

US$m	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares, interests in investment funds and exchangeable loan notes	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2023	**1,235**	**4,600**	**3,835**	**279**	**15,558**	**41**	**(2,184)**
Net movement on investment contract liabilities	–	–	–	–	–	–	331
Total gains/(losses)							
Reported under investment return and other expenses in the consolidated income statement	(40)	(97)	119	(9)	(178)	42	–
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	57	(10)	(40)	2	(37)	(1)	–
Acquisition of subsidiaries	2	1	–	–	–	–	–
Transfer to/from investment property	9	(31)	–	–	–	–	–
Purchases	1,306	45	899	–	4,874	–	–
Sales[1]	(4)	(4)	(257)	–	(926)	–	–
Settlements	–	–	(198)	–	–	(74)	–
Transfer into Level 3	–	–	2	–	50	–	–
Transfer out of Level 3	–	–	–	–	(163)	–	–
At 31 December 2023	**2,565**	**4,504**	**4,360**	**272**	**19,178**	**8**	**(1,853)**
Change in unrealised gains or losses included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	**(40)**	**(92)**	**63**	**(9)**	**(143)**	**(32)**	**–**

Note:
(1) Includes amounts derecognised on disposal of held for sale assets and liabilities.

20. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

Level 3 assets and liabilities (continued)

US$m	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares, interests in investment funds and exchangeable loan notes	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2022 (restated)	1,037	4,716	2,796	297	8,472	–	(2,163)
Net movement on investment contract liabilities	–	–	–	–	–	–	(21)
Total gains/(losses)							
Reported under investment return and other expenses in the consolidated income statement	(15)	70	(64)	(6)	26	41	–
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	33	(92)	(264)	(12)	(188)	–	–
Transfer to/from investment property	157	(157)	–	–	–	–	–
Purchases	23	68	1,844	–	7,904	–	–
Sales	–	(5)	(202)	–	(637)	–	–
Settlements	–	–	(229)	–	(4)	–	–
Transfer into Level 3	–	–	–	–	26	–	–
Transfer out of Level 3	–	–	(46)	–	(41)	–	–
At 31 December 2022 (restated)	1,235	4,600	3,835	279	15,558	41	(2,184)
Change in unrealised gains or losses included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	(15)	70	(86)	(7)	(131)	41	–

Movements in investment contract liabilities at fair value are offset by movements in the underlying portfolio of matching assets. Details of the movement in investment contract liabilities are provided in note 25.

Assets transferred out of Level 3 mainly relate to interests in investment funds of which market-observable inputs became available during the year and were used in determining the fair value.

There are not any differences between the fair values on initial recognition and the amounts determined using valuation techniques since the models adopted are calibrated using initial transaction prices.

20. FAIR VALUE MEASUREMENT (continued)

Significant unobservable inputs for Level 3 fair value measurements

As at 31 December 2023 and 31 December 2022, the valuation techniques and applicable unobservable inputs used to measure the Group's Level 3 financial instruments are summarised as follows:

Description	Fair value at 31 December 2023 (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	**2,553**	**Discounted cash flows**	**Risk adjusted discount rate**	**3.17% - 47.22%**

Description	Fair value at 31 December 2022 (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	1,790	Discounted cash flows	Risk adjusted discount rate	3.30% – 30.09%

For certain equity shares, interests in investment funds and exchangeable loan notes held by the Group, management obtains values from independent professional valuers who use valuation techniques, such as the market approach, to determine the fair value. Under the market approach, the most relevant valuation multiples based on a number of factors, such as enterprise value to sales, or enterprise value to EBITDA (earnings before interest, taxes, depreciation and amortisation), are used to determine the fair value of the financial assets.

Fair value of the Group's properties are determined based on appropriate valuation techniques which may consider among others income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable.

Valuation processes

The Group has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. In determining the fair values of financial assets, the Group in general uses private pricing providers and, only in rare cases when third-party prices do not exist, will use prices derived from internal models. The Chief Investment Officers of each of the business units are required to review the reasonableness of the prices used and report price exceptions, if any. The Group Investment team analyses reported price exceptions and reviews price challenge responses from private pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Valuations Advisory Committee which is part of the Group's wider financial risk governance processes. Changes in Level 2 and 3 fair values are analysed at each reporting date.

The main Level 3 input used by the Group pertains to the discount rate for the debt securities and investment contracts. The unobservable inputs for determining the fair value of these instruments include the obligor's credit spread and/or the liquidity spread. A significant increase/(decrease) in any of the unobservable input may result in a significantly lower/(higher) fair value measurement. The Group has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Group uses the proxy pricing method based on internally-developed valuation inputs.

20. FAIR VALUE MEASUREMENT (continued)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at the reporting date

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2023 and 31 December 2022 is given below.

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2023				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	**–**	**1,915**	**–**	**1,915**
Loans and deposits	**1,025**	**914**	**1,889**	**3,828**
Receivables	**207**	**1,024**	**63**	**1,294**
Accrued investment income	**24**	**1,808**	**–**	**1,832**
Cash and cash equivalents	**6,555**	**–**	**–**	**6,555**
Total assets for which the fair value is disclosed	**7,811**	**5,661**	**1,952**	**15,424**
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	**–**	**–**	**515**	**515**
Borrowings	**9,244**	**1,631**	**–**	**10,875**
Obligations under repurchase agreements	**–**	**3,461**	**–**	**3,461**
Other liabilities	**347**	**3,680**	**16**	**4,043**
Total liabilities for which the fair value is disclosed	**9,591**	**8,772**	**531**	**18,894**

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2022 (restated)				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	–	1,461	59	1,520
Loans and deposits	2,062	688	1,883	4,633
Receivables	53	1,611	54	1,718
Accrued investment income	30	1,722	–	1,752
Cash and cash equivalents	6,721	–	–	6,721
Total assets for which the fair value is disclosed	8,866	5,482	1,996	16,344
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	–	–	530	530
Borrowings	8,286	1,551	–	9,837
Obligations under repurchase agreements	–	1,748	–	1,748
Other liabilities	445	2,945	54	3,444
Total liabilities for which the fair value is disclosed	8,731	6,244	584	15,559

21. OTHER ASSETS

US$m	As at 31 December 2023	As at 31 December 2022 (restated)
Accrued investment income	**1,832**	1,752
Receivables	**1,294**	1,718
Pension scheme assets		
Defined benefit pension scheme surpluses	**57**	56
Others[1]	**1,133**	1,065
Total	**4,316**	4,591

Note:
(1) Represents, among others, prepayments and deferred origination costs.

All amounts other than certain prepayments are generally expected to be recovered within 12 months after the end of the reporting period.

22. CASH AND CASH EQUIVALENTS

US$m	As at 31 December 2023	As at 31 December 2022
Cash	**3,152**	3,367
Cash equivalents	**8,373**	5,602
Total[1]	**11,525**	8,969

Note:
(1) US$667m (2022: US$1,462m) are held to back unit-linked contracts and US$46m (2022: US$43m) are held by consolidated investment funds. In preparing the consolidated financial statements, the Group enhanced the presentation to further split and allocate the underlying assets held by consolidated investment funds to the respective fund segments of the asset-backing liabilities.

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits and highly liquid short-term investments with maturities at acquisition of three months or less and money market funds that are convertible into known amounts of cash and subject to insignificant risk of changes in value. Accordingly, all such amounts are expected to be realised within 12 months after the end of the reporting period.

23. IMPAIRMENT OF FINANCIAL ASSETS

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Group's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

The Group monitors changes in credit risk by tracking the change in internal rating of the exposure. The Group also monitors relevant information, including price movements of securities, and assess whether such information signifies a change in credit risk.

The Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be BBB- (Standard and Poor's rating), BBB- (Fitch rating), Baa3 (Moody's rating) or higher, which is equivalent to an internal rating of 4- or higher.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined after considering any grace period that might be available to the debtor.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in note 2.5.1.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of significant increase in credit risk is assessed based on the change in internal rating as at the reporting date and the date of initial recognition. The internal rating as at the reporting date is rated based on the modified contractual terms while the initial rating is rated based on the original contractual terms.

Definition of default

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a "base case" view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on management knowledge and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the jurisdictions in which the Group operates, supranational organisations, and selected private-sector and academic forecasters.

The base case represents a best estimate and the other scenarios represent more optimistic and more pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationship between macroeconomic variables and key drivers of credit risk. The specific values of the core macroeconomic variable used by the Group for evaluating ECL for the years ended 31 December 2023 and 31 December 2022 are as follows:

	As at 31 December 2023	As at 31 December 2022
GDP growth (5-year average of year-over-year %)		
Base case scenario	**2.9%**	3.1%
Upside scenario	**3.5%**	3.8%
Downside scenario	**2.1%**	2.1%

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of probability of default (PD), loss given default (LGD) and exposure at default (EAD). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To determine lifetime and 12-month PDs, the Group leverages on the internal rating and convert it into PD based on the level of rating and obligor characteristics like industry type and country. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group leverages on recovery statistics to calculate LGD. The LGD models consider a number of factors including among others, the structure, collateral and seniority of the claim, that are integral to the financial asset. LGD estimates are recalibrated for different economic scenarios.

PDs and LGDs are adjusted to reflect forward-looking information and different economic scenarios as described above.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. The Group derives the EAD from the current exposure to the counterparty, with any adjustments for changes to the current exposure, such as amortisation, and prepayments.

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any debtor's extension options) over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include instrument type, credit risk gradings, collateral type, date of initial recognition, remaining term to maturity, industry and geographical location of debtor.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external information that the Group uses to derive the default rates of its portfolios.

Credit-impaired financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment regularly. This requires the exercise of management judgement. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit-impaired. Objective evidence that a financial asset, or a group of financial assets, is credit-impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance

The following tables show reconciliation balances from the opening to the closing balance of the loss allowance by class of financial instrument. Gross carrying amount is the amortised cost before adjusting for loss allowance.

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at amortised cost								
Balance at 1 January 2023	**1,778**	**4**	**15**	**2**	**–**	**–**	**1,793**	**6**
Transfer to 12-month ECL	**10**	**–**	**(10)**	**–**	**–**	**–**	**–**	**–**
Transfer to lifetime ECL not credit-impaired	**(10)**	**–**	**10**	**–**	**–**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
New financial assets acquired	**472**	**–**	**–**	**–**	**–**	**–**	**472**	**–**
Financial assets derecognised other than write-offs	**(105)**	**–**	**–**	**–**	**–**	**–**	**(105)**	**–**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Effects of movements in exchange rates and other movements	**11**	**–**	**–**	**–**	**–**	**–**	**11**	**–**
Balance at 31 December 2023	**2,156**	**4**	**15**	**2**	**–**	**–**	**2,171**	**6**

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at amortised cost								
Balance at 1 January 2022	1,465	2	15	2	–	–	1,480	4
Transfer to 12-month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	1	–	–	–	–	–	1
New financial assets acquired	385	1	–	–	–	–	385	1
Financial assets derecognised other than write-offs	(51)	–	–	–	–	–	(51)	–
Effects of movements in exchange rates and other movements	(21)	–	–	–	–	–	(21)	–
Balance at 31 December 2022	1,778	4	15	2	–	–	1,793	6

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

US$m	12-month ECL Gross carrying amount	12-month ECL Loss allowance	Lifetime ECL not credit-impaired Gross carrying amount	Lifetime ECL not credit-impaired Loss allowance	Lifetime ECL credit-impaired Gross carrying amount	Lifetime ECL credit-impaired Loss allowance	Total Gross carrying amount	Total Loss allowance
Loans and deposits measured at amortised cost								
Balance at 1 January 2023	**4,572**	**17**	**11**	**3**	**10**	**7**	**4,593**	**27**
Transfer to 12-month ECL	**6**	**1**	**(4)**	**–**	**(2)**	**(1)**	**–**	**–**
Transfer to lifetime ECL not credit-impaired	**(8)**	**–**	**9**	**–**	**(1)**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**(16)**	**–**	**–**	**–**	**16**	**–**	**–**	**–**
Net remeasurement of loss allowance	**–**	**(16)**	**–**	**–**	**–**	**2**	**–**	**(14)**
New financial assets acquired	**30,837**	**10**	**–**	**–**	**–**	**–**	**30,837**	**10**
Financial assets derecognised other than write-offs	**(31,654)**	**(1)**	**(1)**	**–**	**(3)**	**(1)**	**(31,658)**	**(2)**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Effects of movements in exchange rates and other movements	**(29)**	**–**	**–**	**(1)**	**–**	**–**	**(29)**	**(1)**
Balance at 31 December 2023	**3,708**	**11**	**15**	**2**	**20**	**7**	**3,743**	**20**

US$m	12-month ECL Gross carrying amount	12-month ECL Loss allowance	Lifetime ECL not credit-impaired Gross carrying amount	Lifetime ECL not credit-impaired Loss allowance	Lifetime ECL credit-impaired Gross carrying amount	Lifetime ECL credit-impaired Loss allowance	Total Gross carrying amount	Total Loss allowance
Loans and deposits measured at amortised cost								
Balance at 1 January 2022	5,423	8	11	2	18	8	5,452	18
Transfer to 12-month ECL	10	2	(2)	–	(8)	(2)	–	–
Transfer to lifetime ECL not credit-impaired	(48)	–	49	1	(1)	(1)	–	–
Transfer to lifetime ECL credit-impaired	(2)	–	(1)	–	3	–	–	–
Net remeasurement of loss allowance	–	–	–	–	–	2	–	2
New financial assets acquired	29,964	10	–	–	–	–	29,964	10
Financial assets derecognised other than write-offs	(30,620)	(3)	(44)	–	(2)	–	(30,666)	(3)
Effects of movements in exchange rates and other movements	(155)	–	(2)	–	–	–	(157)	–
Balance at 31 December 2022	4,572	17	11	3	10	7	4,593	27

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

US$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2023	**89,556**	**167**	**511**	**50**	**103**	**83**	**90,170**	**300**
Transfer to 12-month ECL	**214**	**20**	**(214)**	**(20)**	**–**	**–**	**–**	**–**
Transfer to lifetime ECL not credit-impaired	**(312)**	**(15)**	**312**	**15**	**–**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**–**	**–**	**(250)**	**(13)**	**250**	**13**	**–**	**–**
Net remeasurement of loss allowance	**–**	**(45)**	**–**	**(13)**	**–**	**231**	**–**	**173**
New financial assets acquired	**18,909**	**29**	**–**	**–**	**–**	**–**	**18,909**	**29**
Financial assets derecognised other than write-offs	**(20,494)**	**(23)**	**(102)**	**(7)**	**–**	**–**	**(20,596)**	**(30)**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Effects of movements in exchange rates and other movements	**(364)**	**–**	**9**	**5**	**13**	**–**	**(342)**	**5**
Balance at 31 December 2023	**87,509**	**133**	**266**	**17**	**366**	**327**	**88,141**	**477**

US$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2022	95,364	142	319	17	–	–	95,683	159
Transfer to 12-month ECL	4	–	(4)	–	–	–	–	–
Transfer to lifetime ECL not credit-impaired	(426)	(12)	426	12	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	(102)	(10)	102	10	–	–
Net remeasurement of loss allowance	–	56	–	60	–	73	–	189
New financial assets acquired	21,113	29	–	–	–	–	21,113	29
Financial assets derecognised other than write-offs	(23,178)	(45)	(75)	(24)	–	–	(23,253)	(69)
Effects of movements in exchange rates and other movements	(3,321)	(3)	(53)	(5)	1	–	(3,373)	(8)
Balance at 31 December 2022	89,556	167	511	50	103	83	90,170	300

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Loss allowance (continued)

US$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Receivables								
Balance at 1 January 2023	**1,673**	**–**	**42**	**11**	**28**	**14**	**1,743**	**25**
Transfer to lifetime ECL not credit-impaired	**3**	**–**	**(3)**	**–**	**–**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**(3)**	**–**	**(2)**	**(2)**	**5**	**2**	**–**	**–**
Net remeasurement of loss allowance	**–**	**–**	**–**	**(5)**	**–**	**2**	**–**	**(3)**
Net decrease in receivables	**(415)**	**–**	**(7)**	**(1)**	**(1)**	**–**	**(423)**	**(1)**
Write-offs	**–**	**–**	**–**	**–**	**(3)**	**(2)**	**(3)**	**(2)**
Effects of movements in exchange rates and other movements	**(4)**	**–**	**–**	**–**	**–**	**–**	**(4)**	**–**
Balance at 31 December 2023	**1,254**	**–**	**30**	**3**	**29**	**16**	**1,313**	**19**

US$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Receivables								
Balance at 1 January 2022	1,618	–	43	8	30	18	1,691	26
Transfer to lifetime ECL not credit-impaired	(5)	–	5	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	–	–	4	–	(3)	–	1
Net increase/(decrease) in receivables	64	–	(6)	(1)	–	–	58	(1)
Effects of movements in exchange rates and other movements	(4)	–	–	–	(2)	(1)	(6)	(1)
Balance at 31 December 2022	1,673	–	42	11	28	14	1,743	25

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

Movement in carrying amounts

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the consolidated income statement and consolidated statement of comprehensive income. The Group presents a table separately analysing movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated income statement and consolidated statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin.

The estimates of the present value of future cash flows from insurance and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

		Year ended 31 December 2023			
		Liabilities for remaining coverage			
US$m	Notes	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(1,230)	20	640	(570)
Opening liabilities		176,319	250	7,003	183,572
Net opening balance		175,089	270	7,643	183,002
Insurance revenue	8	(15,107)	–	–	(15,107)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(113)	8,974	8,861
Amortisation of insurance acquisition cash flows		968	–	–	968
Losses and reversal of losses on onerous contracts		–	214	–	214
Adjustments to liabilities for incurred claims		–	–	(268)	(268)
Total insurance service expenses		968	101	8,706	9,775
Investment components		(11,737)	–	11,737	–
Other changes		(14)	–	14	–
Insurance service result		(25,890)	101	20,457	(5,332)
Net finance expenses/(income) from insurance contracts	9	15,923	(24)	360	16,259
Effect of movements in exchange rates		(508)	56	(19)	(471)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(10,475)	133	20,798	10,456
Cash flows					
Premiums received		38,761	–	–	38,761
Claims and other insurance service expenses paid, including investment components		18	–	(24,074)	(24,056)
Insurance acquisition cash flows paid		(6,325)	–	–	(6,325)
Other amounts (paid)/received		(1)	–	3,770	3,769
Total cash flows		32,453	–	(20,304)	12,149
Adjusted for:					
Non-cash operating expenses		(161)	–	(71)	(232)
Other non-cash items		(370)	–	–	(370)
Total non-cash items		(531)	–	(71)	(602)
Contracts derecognised on disposal of held for sale assets and liabilities		(910)	(56)	(57)	(1,023)
Net closing balance		195,626	347	8,009	203,982
Closing assets		(454)	42	627	215
Closing liabilities		196,080	305	7,382	203,767
Net closing balance		195,626	347	8,009	203,982

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

		Year ended 31 December 2022			
		Liabilities for remaining coverage			
US$m	Notes	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(2,753)	10	625	(2,118)
Opening liabilities		210,450	204	7,875	218,529
Net opening balance		207,697	214	8,500	216,411
Insurance revenue	8	(14,524)	–	–	(14,524)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(68)	8,371	8,303
Amortisation of insurance acquisition cash flows		696	–	–	696
Losses and reversal of losses on onerous contracts		–	129	–	129
Adjustments to liabilities for incurred claims		–	–	(259)	(259)
Total insurance service expenses		696	61	8,112	8,869
Investment components		(10,674)	–	10,674	–
Other changes		(14)	–	14	–
Insurance service result		(24,516)	61	18,800	(5,655)
Net finance (income)/expenses from insurance contracts	9	(35,058)	3	(460)	(35,515)
Effect of movements in exchange rates		(5,145)	(8)	(493)	(5,646)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(64,719)	56	17,847	(46,816)
Cash flows					
Premiums received		38,174	–	–	38,174
Claims and other insurance service expenses paid, including investment components		–	–	(21,550)	(21,550)
Insurance acquisition cash flows paid		(5,536)	–	–	(5,536)
Other amounts received		–	–	2,902	2,902
Total cash flows		32,638	–	(18,648)	13,990
Adjusted for:					
Non-cash operating expenses		(184)	–	(56)	(240)
Other non-cash items		(343)	–	–	(343)
Total non-cash items		(527)	–	(56)	(583)
Net closing balance		175,089	270	7,643	183,002
Closing assets		(1,230)	20	640	(570)
Closing liabilities		176,319	250	7,003	183,572
Net closing balance		175,089	270	7,643	183,002

Insurance contract assets of US$501m (2022: US$608m) and insurance contract liabilities of US$5,633m (2022: US$4,652m) are expected to be recovered within 12 months after the reporting date.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of insurance contracts not measured under the premium allocation approach

		Year ended 31 December 2023							
						CSM			
US$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(8,689)	739	7,380	(570)	–	4,983	2,397	7,380
Opening liabilities		135,747	2,796	45,029	183,572	10,627	26,411	7,991	45,029
Net opening balance		127,058	3,535	52,409	183,002	10,627	31,394	10,388	52,409
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	8	–	–	(5,605)	(5,605)	(1,009)	(2,670)	(1,926)	(5,605)
Change in risk adjustment for non-financial risk		–	(125)	–	(125)	–	–	–	–
Experience adjustments		581	–	–	581	–	–	–	–
Others		(129)	–	–	(129)	–	–	–	–
Changes that relate to future services									
Contracts initially recognised in the year		(7,380)	473	7,060	153	–	–	7,060	7,060
Changes in estimates that adjust the CSM		(971)	23	948	–	15	1,360	(427)	948
Changes in estimates that result in losses and reversal of losses on onerous contracts		17	44	–	61	–	–	–	–
Changes that relate to past services		(208)	(60)	–	(268)	–	–	–	–
Total insurance service result		(8,090)	355	2,403	(5,332)	(994)	(1,310)	4,707	2,403
Net finance expenses/(income) from insurance contracts	9	15,129	(26)	1,156	16,259	471	335	350	1,156
Effect of movements in exchange rates		(32)	(2)	(437)	(471)	(222)	(103)	(112)	(437)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		7,007	327	3,122	10,456	(745)	(1,078)	4,945	3,122
Cash flows		12,149	–	–	12,149	–	–	–	–
Non-cash operating expenses		(232)	–	–	(232)	–	–	–	–
Other non-cash items		(370)	–	–	(370)	–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		(986)	(24)	(13)	(1,023)	–	(13)	–	(13)
Net closing balance		144,626	3,838	55,518	203,982	9,882	30,303	15,333	55,518
Closing assets		(9,961)	888	9,288	215	–	5,640	3,648	9,288
Closing liabilities		154,587	2,950	46,230	203,767	9,882	24,663	11,685	46,230
Net closing balance		144,626	3,838	55,518	203,982	9,882	30,303	15,333	55,518

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

		Year ended 31 December 2022							
						CSM			
US$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(10,154)	796	7,240	(2,118)	–	5,900	1,340	7,240
Opening liabilities		167,514	3,097	47,918	218,529	11,983	31,017	4,918	47,918
Net opening balance		157,360	3,893	55,158	216,411	11,983	36,917	6,258	55,158
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	8	–	–	(5,363)	(5,363)	(1,059)	(3,072)	(1,232)	(5,363)
Change in risk adjustment for non-financial risk		–	(179)	–	(179)	–	–	–	–
Experience adjustments		151	–	–	151	–	–	–	–
Others		(134)	–	–	(134)	–	–	–	–
Changes that relate to future services									
Contracts initially recognised in the year		(6,358)	450	5,983	75	–	–	5,983	5,983
Changes in estimates that adjust the CSM		2,783	(364)	(2,419)	–	140	(2,068)	(491)	(2,419)
Changes in estimates that result in losses and reversal of losses on onerous contracts		71	(17)	–	54	–	–	–	–
Changes that relate to past services		(186)	(73)	–	(259)	–	–	–	–
Total insurance service result		(3,673)	(183)	(1,799)	(5,655)	(919)	(5,140)	4,260	(1,799)
Net finance (income)/expenses from insurance contracts	9	(36,703)	–	1,188	(35,515)	492	447	249	1,188
Effect of movements in exchange rates		(3,333)	(175)	(2,138)	(5,646)	(929)	(830)	(379)	(2,138)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(43,709)	(358)	(2,749)	(46,816)	(1,356)	(5,523)	4,130	(2,749)
Cash flows		13,990	–	–	13,990	–	–	–	–
Non-cash operating expenses		(240)	–	–	(240)	–	–	–	–
Other non-cash items		(343)	–	–	(343)	–	–	–	–
Net closing balance		127,058	3,535	52,409	183,002	10,627	31,394	10,388	52,409
Closing assets		(8,689)	739	7,380	(570)	–	4,983	2,397	7,380
Closing liabilities		135,747	2,796	45,029	183,572	10,627	26,411	7,991	45,029
Net closing balance		127,058	3,535	52,409	183,002	10,627	31,394	10,388	52,409

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach

		Year ended 31 December 2023			
		Asset for remaining coverage			
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Asset for incurred claims	Total
Opening assets		2,044	124	3,537	5,705
Opening liabilities		(775)	6	374	(395)
Net opening balance		1,269	130	3,911	5,310
Changes in the consolidated income statement and consolidated statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(2,059)	10	1,762	(287)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(2,059)	10	1,762	(287)
Investment components		(136)	–	136	–
Other changes		–	–	–	–
Net finance income from reinsurance contracts held	9	46	1	128	175
Effect of movements in exchange rates		138	1	(63)	76
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,011)	12	1,963	(36)
Cash flows					
Premiums paid		2,149	–	–	2,149
Amounts received		–	–	(1,807)	(1,807)
Other amounts paid		–	–	4	4
Total cash flows		2,149	–	(1,803)	346
Adjusted for:					
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Total non-cash items		–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		21	–	1	22
Net closing balance		1,428	142	4,072	5,642
Closing assets		2,091	133	3,746	5,970
Closing liabilities		(663)	9	326	(328)
Net closing balance		1,428	142	4,072	5,642

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (continued)

		Year ended 31 December 2022			
		Asset for remaining coverage			
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Asset for incurred claims	Total
Opening assets		2,410	124	3,815	6,349
Opening liabilities		(1,035)	2	324	(709)
Net opening balance		1,375	126	4,139	5,640
Changes in the consolidated income statement and consolidated statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(2,045)	10	1,654	(381)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(2,045)	10	1,654	(381)
Investment components		(139)	–	139	–
Other changes		–	–	–	–
Net finance income/(expenses) from reinsurance contracts held	9	85	1	(259)	(173)
Effect of movements in exchange rates		50	(7)	(258)	(215)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,049)	4	1,276	(769)
Cash flows					
Premiums paid		1,943	–	–	1,943
Amounts received		–	–	(1,509)	(1,509)
Other amounts paid		–	–	4	4
Total cash flows		1,943	–	(1,505)	438
Adjusted for:					
Non-cash operating expenses		–	–	1	1
Other non-cash items		–	–	–	–
Total non-cash items		–	–	1	1
Net closing balance		1,269	130	3,911	5,310
Closing assets		2,044	124	3,537	5,705
Closing liabilities		(775)	6	374	(395)
Net closing balance		1,269	130	3,911	5,310

Reinsurance contract assets of US$1,547m (2022: US$386m) and reinsurance contract liabilities of US$(51)m (2022: US$(17)m) are expected to be recovered/(settled) within 12 months after the reporting date.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach

		Year ended 31 December 2023							
						CSM			
US$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		3,356	523	1,826	5,705	(1,031)	3,110	(253)	1,826
Opening liabilities		(1,007)	254	358	(395)	–	115	243	358
Net opening balance		2,349	777	2,184	5,310	(1,031)	3,225	(10)	2,184
Net (expenses)/income from reinsurance contracts held									
Changes that relate to current services									
CSM recognised for services received		–	–	(291)	(291)	89	(367)	(13)	(291)
Change in risk adjustment for non-financial risk		–	(11)	–	(11)	–	–	–	–
Experience adjustments		(66)	–	–	(66)	–	–	–	–
Changes that relate to future services									
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	15	15	–	–	15	15
Contracts initially recognised in the year		(143)	72	71	–	–	–	71	71
Changes in estimates that adjust the CSM		(320)	(44)	364	–	124	54	186	364
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		36	(1)	–	35	–	–	–	–
Changes that relate to past services		45	(14)	–	31	–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–	–	–	–
Total net (expenses)/income from reinsurance contracts held		(448)	2	159	(287)	213	(313)	259	159
Net finance income/(expenses) from reinsurance contracts held	9	39	3	133	175	(57)	199	(9)	133
Effect of movements in exchange rates		172	(6)	(90)	76	20	295	(405)	(90)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(237)	(1)	202	(36)	176	181	(155)	202
Cash flows		346	–	–	346	–	–	–	–
Non-cash operating expenses		–	–	–	–	–	–	–	–
Other non-cash items		–	–	–	–	–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		5	–	17	22	–	17	–	17
Net closing balance		2,463	776	2,403	5,642	(855)	3,423	(165)	2,403
Closing assets		3,371	579	2,020	5,970	(855)	3,040	(165)	2,020
Closing liabilities		(908)	197	383	(328)	–	383	–	383
Net closing balance		2,463	776	2,403	5,642	(855)	3,423	(165)	2,403

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

		Year ended 31 December 2022							
						CSM			
US$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		3,785	750	1,814	6,349	(1,643)	3,763	(306)	1,814
Opening liabilities		(1,377)	270	398	(709)	–	77	321	398
Net opening balance		2,408	1,020	2,212	5,640	(1,643)	3,840	15	2,212
Net (expenses)/income from reinsurance contracts held									
Changes that relate to current services									
CSM recognised for services received		–	–	(242)	(242)	125	(391)	24	(242)
Change in risk adjustment for non-financial risk		–	(43)	–	(43)	–	–	–	–
Experience adjustments		(198)	–	–	(198)	–	–	–	–
Changes that relate to future services									
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	11	11	–	–	11	11
Contracts initially recognised in the year		12	47	(59)	–	–	–	(59)	(59)
Changes in estimates that adjust the CSM		(171)	(160)	331	–	437	(136)	30	331
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		(1)	–	–	(1)	–	–	–	–
Changes that relate to past services		113	(21)	–	92	–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–	–	–	–
Total net (expenses)/income from reinsurance contracts held		(245)	(177)	41	(381)	562	(527)	6	41
Net finance (expenses)/income from reinsurance contracts held	*9*	(151)	–	(22)	(173)	(87)	80	(15)	(22)
Effect of movements in exchange rates		(102)	(66)	(47)	(215)	137	(168)	(16)	(47)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(498)	(243)	(28)	(769)	612	(615)	(25)	(28)
Cash flows		438	–	–	438	–	–	–	–
Non-cash operating expenses		1	–	–	1	–	–	–	–
Other non-cash items		–	–	–	–	–	–	–	–
Net closing balance		2,349	777	2,184	5,310	(1,031)	3,225	(10)	2,184
Closing assets		3,356	523	1,826	5,705	(1,031)	3,110	(253)	1,826
Closing liabilities		(1,007)	254	358	(395)	–	115	243	358
Net closing balance		2,349	777	2,184	5,310	(1,031)	3,225	(10)	2,184

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

		Year ended 31 December 2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US$m	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		–	–	1	–	1
Opening liabilities		308	–	412	18	738
Net opening balance		308	–	413	18	739
Insurance revenue	8	(2,407)	–	–	–	(2,407)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	2,099	12	2,111
Amortisation of insurance acquisition cash flows		325	–	–	–	325
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	(120)	(13)	(133)
Total insurance service expenses		325	–	1,979	(1)	2,303
Investment components		(6)	–	6	–	–
Other changes		(3)	–	3	–	–
Insurance service result		(2,091)	–	1,988	(1)	(104)
Net finance expenses/(income) from insurance contracts	9	–	–	–	–	–
Effect of movements in exchange rates		(16)	–	38	1	23
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,107)	–	2,026	–	(81)
Cash flows						
Premiums received		2,559	–	–	–	2,559
Claims and other insurance service expenses paid, including investment components		–	–	(1,984)	–	(1,984)
Insurance acquisition cash flows paid		(328)	–	–	–	(328)
Other amounts received		–	–	1	–	1
Total cash flows		2,231	–	(1,983)	–	248
Adjusted for:						
Non-cash operating expenses		(12)	–	(3)	–	(15)
Other non-cash items		–	–	–	–	–
Total non-cash items		(12)	–	(3)	–	(15)
Net closing balance		420	–	453	18	891
Closing assets		1	–	–	–	1
Closing liabilities		419	–	453	18	890
Net closing balance		420	–	453	18	891

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

		Year ended 31 December 2022				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US$m	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		1	–	–	–	1
Opening liabilities		285	–	372	18	675
Net opening balance		286	–	372	18	676
Insurance revenue	8	(1,795)	–	–	–	(1,795)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	1,391	11	1,402
Amortisation of insurance acquisition cash flows		207	–	–	–	207
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	(34)	(10)	(44)
Total insurance service expenses		207	–	1,357	1	1,565
Investment components		(2)	–	2	–	–
Other changes		(3)	–	3	–	–
Insurance service result		(1,593)	–	1,362	1	(230)
Net finance income from insurance contracts	9	–	–	–	–	–
Effect of movements in exchange rates		(14)	–	(9)	(1)	(24)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(1,607)	–	1,353	–	(254)
Cash flows						
Premiums received		1,834	–	–	–	1,834
Claims and other insurance service expenses paid, including investment components		(1)	–	(1,309)	–	(1,310)
Insurance acquisition cash flows paid		(200)	–	–	–	(200)
Other amounts received		–	–	–	–	–
Total cash flows		1,633	–	(1,309)	–	324
Adjusted for:						
Non-cash operating expenses		(4)	–	(3)	–	(7)
Other non-cash items		–	–	–	–	–
Total non-cash items		(4)	–	(3)	–	(7)
Net closing balance		308	–	413	18	739
Closing assets		–	–	1	–	1
Closing liabilities		308	–	412	18	738
Net closing balance		308	–	413	18	739

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach

		Year ended 31 December 2023				
		Asset for remaining coverage		Asset for incurred claims		
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(248)	–	304	2	58
Opening liabilities		(77)	–	65	1	(11)
Net opening balance		**(325)**	**–**	**369**	**3**	**47**
Changes in the consolidated income statement and consolidated statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(346)	–	288	–	(58)
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		**(346)**	**–**	**288**	**–**	**(58)**
Investment components		(26)	–	26	–	–
Other changes		–	–	–	–	–
Net finance income from reinsurance contracts held	9	1	–	–	–	1
Effect of movements in exchange rates		11	–	(3)	–	8
Total changes in the consolidated income statement and consolidated statement of comprehensive income		**(360)**	**–**	**311**	**–**	**(49)**
Cash flows						
Premiums paid		384	–	–	–	384
Amounts paid/(received)		1	–	(316)	–	(315)
Other amounts paid		–	–	2	–	2
Total cash flows		**385**	**–**	**(314)**	**–**	**71**
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		**–**	**–**	**–**	**–**	**–**
Net closing balance		**(300)**	**–**	**366**	**3**	**69**
Closing assets		(241)	–	316	2	77
Closing liabilities		(59)	–	50	1	(8)
Net closing balance		**(300)**	**–**	**366**	**3**	**69**

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

		Year ended 31 December 2022				
		Asset for remaining coverage		Asset for incurred claims		
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(191)	–	275	3	87
Opening liabilities		(5)	–	5	–	–
Net opening balance		(196)	–	280	3	87
Changes in the consolidated income statement and consolidated statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(289)	–	251	–	(38)
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		(289)	–	251	–	(38)
Investment components		(28)	–	28	–	–
Other changes		–	–	–	–	–
Net finance expenses from reinsurance contracts held	9	(8)	–	–	–	(8)
Effect of movements in exchange rates		17	–	(11)	–	6
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(308)	–	268	–	(40)
Cash flows						
Premiums paid		179	–	–	–	179
Amounts paid/(received)		1	–	(181)	–	(180)
Other amounts (received)/paid		(1)	–	2	–	1
Total cash flows		179	–	(179)	–	–
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		–	–	–	–	–
Net closing balance		(325)	–	369	3	47
Closing assets		(248)	–	304	2	58
Closing liabilities		(77)	–	65	1	(11)
Net closing balance		(325)	–	369	3	47

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components of insurance contracts and reinsurance contracts held arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the year.

Insurance contracts

US$m	**Profitable contracts issued**	**Onerous contracts issued**	**Profitable contracts acquired**	**Total**
Year ended 31 December 2023				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	**6,058**	**386**	**–**	**6,444**
Claims payable and other expenses	**28,637**	**2,217**	**–**	**30,854**
Total estimates of present value of future cash outflows	**34,695**	**2,603**	**–**	**37,298**
Estimates of present value of future cash inflows	**(42,195)**	**(2,483)**	**–**	**(44,678)**
Risk adjustment for non-financial risk	**440**	**33**	**–**	**473**
Contractual service margin	**7,060**	**–**	**–**	**7,060**
Losses recognised on initial recognition	**–**	**153**	**–**	**153**

US$m	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
Year ended 31 December 2022				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	5,150	157	–	5,307
Claims payable and other expenses	23,226	662	74	23,962
Total estimates of present value of future cash outflows	28,376	819	74	29,269
Estimates of present value of future cash inflows	(34,786)	(763)	(78)	(35,627)
Risk adjustment for non-financial risk	431	19	–	450
Contractual service margin	5,979	–	4	5,983
Losses recognised on initial recognition	–	75	–	75

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Effect of contracts initially recognised in the year (continued)

Reinsurance contracts held

US$m	Year ended 31 December 2023 Contracts originated	Year ended 31 December 2023 Contracts acquired	Year ended 31 December 2023 Total	Year ended 31 December 2022 Contracts originated	Year ended 31 December 2022 Contracts acquired	Year ended 31 December 2022 Total
Estimates of present value of future cash inflows	**2,179**	**–**	**2,179**	1,553	–	1,553
Estimates of present value of future cash outflows	**(2,322)**	**–**	**(2,322)**	(1,541)	–	(1,541)
Risk adjustment for non-financial risk	**72**	**–**	**72**	47	–	47
Income recognised on initial recognition	**(15)**	**–**	**(15)**	(11)	–	(11)
Contractual service margin	**(86)**	**–**	**(86)**	48	–	48

Analysis of assets for insurance acquisition cash flows

US$m	Year ended 31 December 2023	Year ended 31 December 2022
Opening balance presented in insurance contract assets	**1,468**	1,564
Opening balance presented in insurance contract liabilities	**1,411**	1,431
Total opening balance	**2,879**	2,995
Acquisitions through business combinations	**–**	–
Assets recognised for insurance acquisition cash flows paid during the year	**294**	280
Allocation to groups of insurance contracts	**(217)**	(193)
Amounts derecognised on disposal of held for sale assets and liabilities	**–**	–
Impairment losses and reversals	**–**	–
Effect of movements in exchange rates	**103**	(203)
Total closing balance	**3,059**	2,879
Closing balance presented in insurance contract assets	**1,673**	1,468
Closing balance presented in insurance contract liabilities	**1,386**	1,411
Total closing balance	**3,059**	2,879

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Analysis of assets for insurance acquisition cash flows (continued)

The following table illustrates when the Group expects to derecognise the assets for insurance acquisition cash flows and include those cash flows in the measurement of the group of insurance contracts to which they are allocated.

US$m	Total	Five years or less	After five years through ten years	After ten years
31 December 2023				
Assets for insurance acquisition cash flows	**3,059**	**794**	**613**	**1,652**
31 December 2022				
Assets for insurance acquisition cash flows	2,879	773	604	1,502

Analysis of contractual service margin

The following table illustrates when the Group expects to recognise the remaining contractual service margin as revenue for contracts not measured under the premium allocation approach.

US$m	Total	Five years or less	After five years through ten years	After ten years
31 December 2023				
Insurance contracts	**55,518**	**20,319**	**12,691**	**22,508**
Reinsurance contracts held	**2,403**	**980**	**497**	**926**
31 December 2022				
Insurance contracts	52,409	19,349	12,007	21,053
Reinsurance contracts held	2,184	824	456	904

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Fulfilment cash flows

Estimates of future cash flows

The Group's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that exist during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Methodology and assumptions

Mortality

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Group.

Morbidity

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals, policy loan take up and repayment and retirement rates for pension products.

Assumptions have been developed by each of the business units based on their recent historical experience, and their best estimate expectations of currency and expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Fulfilment cash flows (continued)

Methodology and assumptions (continued)

Expenses

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expense assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency.

Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

Reinsurance

Reinsurance assumptions have been developed by each business unit based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.

Policyholder dividends, profit sharing and interest crediting

The projected policyholder dividends, profit sharing and interest crediting assumptions set by each business unit reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each business unit's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

Participating funds and other participating business with distinct portfolios surpluses have been assumed to be distributed between policyholders and shareholders via future final bonuses or at the end of the projection period so that there are no residual assets at the end of the projection period.

The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. The crediting rates applied vary between products and Group entities; in the current economic environment, the amounts credited are often determined by interest rate guarantees.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Fulfilment cash flows (continued)

Methodology and assumptions (continued)

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates to reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristics of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contracts (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are locally rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristics of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies. To reflect the liquidity characteristics of the insurance contracts, the risk-free spot rates are adjusted by an illiquidity premium.

As at 31 December 2023	**1 year**		**5 years**		**10 years**		**15 years**		**20 years**	
Spot rates	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**
USD	**4.73%**	**5.33%**	**3.78%**	**4.56%**	**3.79%**	**4.78%**	**3.89%**	**4.98%**	**4.21%**	**5.24%**
HKD	**4.28%**	**4.88%**	**3.27%**	**4.05%**	**3.29%**	**4.28%**	**3.41%**	**4.50%**	**3.73%**	**4.76%**
CNY	**2.07%**	**2.55%**	**2.41%**	**2.84%**	**2.59%**	**2.96%**	**2.75%**	**3.16%**	**2.89%**	**3.37%**
SGD	**3.53%**	**4.28%**	**2.64%**	**4.07%**	**2.67%**	**3.95%**	**2.74%**	**3.97%**	**2.71%**	**3.90%**
MYR	**3.30%**	**3.75%**	**3.65%**	**3.94%**	**3.74%**	**4.11%**	**4.05%**	**4.50%**	**4.18%**	**4.70%**
THB	**2.39%**	**2.74%**	**2.47%**	**3.04%**	**2.73%**	**3.42%**	**3.11%**	**3.88%**	**3.37%**	**4.19%**

As at 31 December 2022	1 year		5 years		10 years		15 years		20 years	
Spot rates	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.62%	4.96%	3.88%	4.92%	3.75%	5.20%	3.84%	5.42%	4.10%	5.69%
HKD	4.85%	5.19%	3.96%	4.99%	3.78%	5.22%	3.82%	5.40%	4.08%	5.66%
CNY	2.09%	2.63%	2.66%	3.29%	2.88%	3.47%	3.04%	3.72%	3.16%	3.88%
SGD	3.88%	5.15%	2.84%	4.56%	3.07%	4.97%	2.92%	4.80%	2.59%	4.39%
MYR	3.25%	3.86%	3.88%	4.36%	4.09%	4.67%	4.36%	5.02%	4.46%	5.18%
THB	1.38%	1.83%	1.98%	2.62%	2.74%	3.59%	3.34%	4.33%	3.75%	4.79%

For the insurance contracts with cash flows that vary based on the returns on any financial underlying items, the Group applies risk-neutral measurement techniques. Stochastic modelling is applied for insurance contracts with significant financial options and guarantees to estimate the expected present value. A large number of possible economic scenarios for market variables such as interest rates and equity returns are considered using risk neutral approach and consistent with market observable price.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Group operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Contractual service margin

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

Investment components

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are excluded from insurance revenue and insurance service expenses. Generally, for relevant contracts, surrender value would be determined as an investment component.

Underlying items of contracts with direct participation features

The following table sets out the composition and the fair value of the underlying items for the Group's contracts with direct participation features at the reporting date.

US$m	As at 31 December 2023	As at 31 December 2022
Cash and cash equivalents	**2,662**	2,761
Financial investments and policy loans	**133,092**	120,964
Property held for own use and investment property	**1,591**	1,151
Investment in subsidiaries and associates	**1,517**	1,564
Other assets	**5,813**	5,581
Less: payables and other liabilities	**(17,196)**	(16,490)
Total	**127,479**	115,531

25. INVESTMENT CONTRACTS

US$m	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
At beginning of financial year	**11,986**	13,896
Investment contract benefits	**572**	(1,106)
Fees charged	**(54)**	(58)
Net withdrawals and other movements(1)	**(3,236)**	(331)
Effect of foreign exchange movements	**(98)**	(415)
At end of financial year(2)	**9,170**	11,986

Notes:

(1) Includes amounts derecognised on disposal of held for sale assets and liabilities.

(2) Of investment contract liabilities, US$195m (2022: US$230m) represents deferred fee income. Movement of deferred fee income of US$35m (2022: US$35m) represents revenue recognised as a result of performance obligations satisfied during the year.

26. BORROWINGS

US$m	As at 31 December 2023	As at 31 December 2022
Other loans	**36**	–
Medium-term notes and securities		
Senior notes	**7,581**	7,480
Subordinated securities	**4,183**	3,726
Total	**11,800**	11,206

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Interest expense on borrowings is shown in note 10. Further information relating to interest rates and the maturity profile of borrowings is presented in note 34.

The following table summarises the Company's outstanding medium-term notes and securities placed to the market at 31 December 2023:

Senior notes

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
11 March 2014(1)	US$500m	4.875%	30 years	11 March 2044
11 March 2015(1)	US$750m	3.200%	10 years	11 March 2025
16 March 2016(1)	US$750m	4.500%	30 years	16 March 2046
23 May 2017(2)	US$500m	4.470%	30 years	23 May 2047
6 April 2018(1)	US$500m	3.900%	10 years	6 April 2028
16 January 2019	HK$1,100m	3.680%	12 years	16 January 2031
9 April 2019(1)	US$1,000m	3.600%	10 years	9 April 2029
7 April 2020(1)	US$1,000m	3.375%	10 years	7 April 2030
24 June 2020	A$90m	2.950%	10 years	24 June 2030
29 March 2022	HK$6,500m	2.250%	1.99 years	28 March 2024
24 October 2022	HK$1,200m	5.040%	2.99 years	17 October 2025
25 October 2022(1)	US$850m	5.625%	5 years	25 October 2027
4 April 2023(1)	US$600m	4.950%	10 years	4 April 2033

26. BORROWINGS (continued)

Subordinated securities

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
16 September 2020(1)	US$1,750m	3.200%	20 years	16 September 2040
7 April 2021(1)(3)(4)	US$750m	2.700%	Perpetual	n/a
11 June 2021(1)(3)(4)	SG$500m	2.900%	Perpetual	n/a
9 September 2021 (1)(3)(4)	EUR750m	0.880%	12 years	9 September 2033
19 October 2021(1)(3)(4)	SG$105m	3.000%	30 years	19 October 2051
12 September 2023(1)(3)(4)	SG$550m	5.100%	Perpetual	n/a

Notes:

(1) These medium-term notes and securities are listed on The Stock Exchange of Hong Kong Limited.

(2) These medium-term notes are listed on The Taipei Exchange, Taiwan. The Company has the right to redeem these notes at par on 23 May of each year beginning on 23 May 2022.

(3) The Company has the right to redeem these securities in whole, at par on predetermined dates as set out within the terms and conditions of the securities, subject to regulatory approval.

(4) The coupon rate of these securities is fixed for a predetermined period as set out within the terms and conditions of the securities, and then resets to the initial spread plus a then prevailing benchmark rate if the securities have not been redeemed.

The net proceeds from issuance during the years ended 31 December 2023 and 31 December 2022 are used for refinancing and general corporate purposes.

The Group has access to an aggregate of US$2,980m unsecured committed credit facilities, which includes a US$250m revolving credit facility expiring in 2024 and a US$2,730m credit facility expiring in 2026. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 31 December 2023 and 31 December 2022.

27. OBLIGATIONS UNDER REPURCHASE AGREEMENTS

The Group has entered into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. At 31 December 2023, the obligations under repurchase agreements were US$3,461m (2022: US$1,748m).

The securities sold under repurchase agreements continue to be recognised within the appropriate financial asset classification. A liability is established for the consideration received. During the term of the repurchase agreements, the Group is restricted from selling or pledging the transferred debt securities. The following table specifies the amounts included within financial investments subject to repurchase agreements which do not qualify for de-recognition at each year end:

US$m	**As at 31 December 2023**	As at 31 December 2022 (restated)
Debt securities – FVOCI		
Repurchase agreements	**2,665**	1,769
Debt securities – FVTPL		
Repurchase agreements	**1,406**	112
Total	**4,071**	1,881

Collateral under repurchase agreements

At 31 December 2023 and 31 December 2022, there was no material collateral in respect of repurchase agreements.

28. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Offsetting, enforceable master netting agreements and similar agreements

The following table shows the assets that are subject to offsetting, enforceable master netting agreements and similar arrangements at each year end:

US$m	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
31 December 2023						
Financial assets:						
Derivative assets	**752**	**–**	**752**	**(95)**	**(340)**	**317**
Reverse repurchase agreements	**99**	**–**	**99**	**(99)**	**–**	**–**
Total	**851**	**–**	**851**	**(194)**	**(340)**	**317**

US$m	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
31 December 2022						
Financial assets:						
Derivative assets	630	–	630	(55)	(231)	344
Reverse repurchase agreements	261	–	261	(261)	–	–
Total	891	–	891	(316)	(231)	344

28. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Offsetting, enforceable master netting agreements and similar agreements (continued)

The following table shows the liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at each year end:

US$m	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
31 December 2023						
Financial liabilities:						
Derivative liabilities	**8,035**	**–**	**8,035**	**(8,639)**	**(213)**	**(817)**
Repurchase agreements	**3,461**	**–**	**3,461**	**(3,461)**	**–**	**–**
Total	**11,496**	**–**	**11,496**	**(12,100)**	**(213)**	**(817)**

US$m	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
31 December 2022						
Financial liabilities:						
Derivative liabilities	8,739	–	8,739	(9,656)	(309)	(1,226)
Repurchase agreements	1,748	–	1,748	(1,748)	–	–
Total	10,487	–	10,487	(11,404)	(309)	(1,226)

The Group entered into enforceable master netting agreements for derivative transactions, as well as the repurchase agreements for debt instruments with various counterparties. Except for certain futures contracts executed through clearing house mechanism where the settlement arrangement satisfied the IFRS Accounting Standards netting criteria, the transactions under the enforceable master netting agreements and similar agreements involving the exchange of financial instruments or cash as collateral do not satisfy the IFRS Accounting Standards netting criteria. The provision in the master netting agreement and similar agreements enables a party to terminate transactions early and settle at a net amount if a default or termination event occurs.

29. PROVISIONS

US$m	Employee benefits	Other	Total
At 1 January 2022 (restated)	158	28	186
Charged to the consolidated income statement	10	5	15
Credited to other comprehensive income	(21)	–	(21)
Exchange differences	(5)	(2)	(7)
Released during the year	–	(5)	(5)
Utilised during the year	(10)	(6)	(16)
Other movements	1	–	1
At 31 December 2022 (restated)	**133**	**20**	**153**
Charged to the consolidated income statement	**9**	**12**	**21**
Charged to other comprehensive income	**7**	**–**	**7**
Exchange differences	**1**	**–**	**1**
Released during the year	**–**	**(4)**	**(4)**
Utilised during the year	**(5)**	**(7)**	**(12)**
Other movements	**8**	**–**	**8**
At 31 December 2023	**153**	**21**	**174**

Other provisions

Other provisions comprise provisions in respect of regulatory matters, litigation, reorganisation and restructuring. In view of the diverse nature of the matters provided for and the contingent nature of the matters to which they relate, the Group is unable to provide an accurate assessment of the term over which provisions are expected to be utilised.

30. OTHER LIABILITIES

US$m	**As at 31 December 2023**	As at 31 December 2022 (restated)
Trade and other payables	**3,678**	3,049
Lease liabilities	**365**	395
Third-party interests in consolidated investment funds	**844**	865
Total	**4,887**	4,309

Third-party interests in consolidated investment funds consist of third-party unit holders' interests in consolidated investment funds which are reflected as a liability since they can be put back to the Group for cash.

Trade and other payables are generally expected to be settled within 12 months after the end of the reporting period. The realisation of third-party interests in investment funds cannot be predicted with accuracy since these represent the interests of third-party unit holders in consolidated investment funds held to back insurance and investment contract liabilities and are subject to market risk and the actions of third-party investors.

31. SHARE CAPITAL AND RESERVES

Share capital

	As at 31 December 2023		As at 31 December 2022	
	Million shares	US$m	Million shares	US$m
Ordinary shares[(1)], issued and fully paid				
At beginning of the financial year	**11,781**	**14,171**	12,097	14,160
Shares issued under share option scheme and agency share purchase plan	**1**	**5**	3	11
Shares cancelled after repurchase under the share buy-back programme[(2)]	**(383)**	**–**	(319)	–
At end of the financial year, issued and fully paid	**11,399**	**14,176**	11,781	14,171
Shares not yet cancelled after repurchase under the share buy-back programme[(2)]	**(37)**	**–**	(47)	–
At end of the financial year, outstanding	**11,362**	**14,176**	11,734	14,171

Notes:

(1) Ordinary shares have no nominal value and there is no obligation to transfer cash or other assets to the holders of ordinary shares.

(2) During the year ended 31 December 2023, the Company acquired a total of 373,591,400 ordinary shares (2022: 366,267,400 ordinary shares) on the Hong Kong Stock Exchange with the aggregate cost amounting to approximately HK$28,472m (2022: HK$27,969m) (equivalent to approximately US$3,637m (2022: US$3,570m)). Of these shares, 336,045,200 shares (2022: 319,150,200 shares) were cancelled during the year and 37,546,200 shares (2022: 47,117,200 shares) were in the process of share cancellation as at 31 December 2023 and were cancelled subsequent to the reporting date on 8 January 2024.

The Company issued 661,786 shares under share option scheme (2022: 1,895,760 shares) and 986,359 shares under agency share purchase plan (2022: 1,119,763 shares) during the year ended 31 December 2023.

During the year ended 31 December 2023, the employee share-based trusts purchased 10,865,302 shares (2022: 9,933,820 shares) and sold nil shares (2022: nil). These purchases were made by the relevant scheme trustees on the Hong Kong Stock Exchange (HKSE). These shares are held on trust for participants of the relevant schemes and therefore were not cancelled.

During the year ended 31 December 2023, 6,268,286 shares (2022: 6,884,726 shares) were transferred to eligible directors, officers and employees of the Group from the employee share-based trusts under share-based compensation plans as a result of vesting. As at 31 December 2023, 37,957,417 shares (2022: 33,360,398 shares) of the Company were held by the employee share-based trusts.

Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income held at the end of the reporting period plus the related loss allowance recognised in profit or loss until the assets are derecognised.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.

Employee share-based trusts

Trusts have been established to acquire shares of the Company for distribution to participants in future periods through the share-based compensation plans. Where the Group is deemed to control the trusts, they are consolidated. Those shares acquired by the trusts, to the extent not transferred to the participants upon vesting, are reported as "Employee share-based trusts" and carried at cost.

Property revaluation reserve

Property revaluation reserve comprises the cumulative net change in the revalued amount of property held for own use at the end of the reporting period. Property revaluation surplus is not considered to be a realised profit available for distribution to shareholders.

Other reserves

Other reserves mainly include the impact of merger accounting for business combinations under common control and share-based compensation.

32. NON-CONTROLLING INTERESTS

US$m	As at 31 December 2023	As at 31 December 2022 (restated)
Equity shares in subsidiaries	**107**	90
Share of earnings	**416**	418
Share of other reserves	**(40)**	(32)
Total	**483**	476

33. GROUP CAPITAL STRUCTURE

Capital Management Approach

The Group's capital management objectives focus on maintaining a strong capital base to support the development of its business, maintaining the ability to move capital freely among Group members and satisfying regulatory capital requirements at all times.

The Group's capital management function oversees all capital-related activities of the Group and assists senior management in making capital decisions. The capital management function participates in decisions concerning asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes and when determining AIA's capacity to pay dividends to shareholders.

Group-wide Supervision Framework and the Local Capital Summation Method

The Group supervisor is the Hong Kong Insurance Authority (HKIA) and the Group is in compliance with its group capital adequacy requirements.

The Insurance (Group Capital) Rules (GWS Capital Rules) set out the capital requirements and overall solvency position for the Group under the Group-wide Supervision (GWS) framework. These requirements are based on a "summation approach" and are referred to as the Local Capital Summation Method (LCSM). Under the LCSM, the eligible group capital resources and group capital requirements are calculated as the sum of the eligible capital resources and capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA.

The group prescribed capital requirement (GPCR) is the sum of the prescribed capital requirements of each entity within the Group, and represents the level below which the HKIA may intervene on grounds of capital adequacy.

The Group LCSM coverage ratio is calculated as the ratio of the eligible group capital resources to the GPCR and the Group LCSM surplus is defined as the excess of the eligible group capital resources over the GPCR.

The group minimum capital requirement (GMCR) is the sum of the minimum capital requirements of each entity within the Group.

33. GROUP CAPITAL STRUCTURE (continued)

Group-wide Supervision Framework and the Local Capital Summation Method (continued)

The table shows a summary of the Group capital adequacy position.

US$m	As at 31 December 2023	As at 31 December 2022
Group LCSM coverage ratio[(1)]	**275%**	283%
Tier 1 group capital coverage ratio[(2)]	**345%**	355%
Eligible group capital resources	**73,156**	70,698
Tier 1 group capital	**46,980**	45,508
Tier 2 group capital	**26,176**	25,190
Group prescribed capital requirement (GPCR)	**26,646**	24,989
Group minimum capital requirement (GMCR)	**13,613**	12,810
Group LCSM surplus	**46,510**	45,709

At 31 December 2023, the eligible group capital resources includes the following items, which are included within Tier 2 group capital:

(i) US$4,183m[(3)] of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$5,158m[(3)] of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Notes:

(1) The Group LCSM coverage ratio is referred to as the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.

(2) The Tier 1 group capital coverage ratio is defined in the GWS framework as the ratio of the Tier 1 group capital to the GMCR.

(3) The amounts represent the carrying value of medium-term notes and securities contributing to the eligible group capital resources.

Local Regulatory Solvency

The Group's individual branches and subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which those branches and subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated.

The Group's principal operating companies AIA Company Limited (AIA Co.) and AIA International Limited (AIA International), as authorised insurers in Hong Kong, are required by the HKIA to meet the Hong Kong solvency requirements. During the years ended 31 December 2023 and 31 December 2022, these two principal operating companies were in compliance with these solvency requirements.

Dividends, remittances and other payments from individual branches and subsidiaries

The ability of the Company to pay dividends to shareholders and to meet other obligations depends ultimately on dividends, remittances and other payments being received from its operating branches and subsidiaries, which are subject to contractual, regulatory and other limitations. The various regulators overseeing the individual branches and subsidiaries of the Group have the discretion to impose additional restrictions on the ability of those regulated branches and subsidiaries to make payment of dividends, remittances and other payments to AIA Co., including increasing the required margin of solvency that an operating unit must maintain. For example, capital may not be remitted without the consent from regulators for certain individual branches or subsidiaries of the Group.

34. RISK MANAGEMENT

Risk management framework

AIA recognises the importance of sound risk management in every aspect of our business and for all our stakeholders. The Risk Management Framework (RMF) provides the structure for identifying, quantifying and mitigating risk across the Group. An effective RMF is the key to avoiding the financial and reputational damage that arises from inadequate or ineffective control of the risks in the business.

Insurance risk

Insurance risk relates to changes in claims experience, business expenses, and the acquisition and persistency of insurance business. This also includes changes to assumptions regarding future experience for these risks.

The Group manages insurance risk concentration by diversification, reinsurance and establishing retention limits. For the years ended 31 December 2023 and 31 December 2022, there were no significant insurance concentration risks.

Pandemic and catastrophe risk

The Group is also exposed to morbidity and mortality risk related to a single event, namely pandemics, natural catastrophic events or human-made disasters.

Geographical concentration of insured individuals could increase the severity of this risk. However, the Group's insured populations are geographically dispersed, thereby diversifying the exposure to pandemic and catastrophe risk. In addition, the Group limits its exposure to large claims arising from a catastrophe by purchasing reinsurance to cover losses due to a single catastrophic event exceeding a pre-determined level.

Climate change could increase the odds of pandemic and/or catastrophic events. Whilst the effect of climate change to AIA as a life and health insurer is expected to be relatively smaller than a general insurer, the Group will continue to evolve the climate scenario analysis, with the advancement of reliable data and methodologies, in evaluating the impacts of climate change to its portfolio.

Expense risk

Expense risk is the risk of greater than expected trends in, or sudden shocks to, the amount or timing of expenses incurred by the business.

Operations follow a disciplined budgeting and control process that allows for the management of expenses based on the Group's very substantial experience within the markets in which we operate.

Morbidity and mortality risk

Morbidity and mortality risk is the risk that the incidence and/or amounts of medical, critical illness, disability, death or survival claims are higher than the assumptions made in pricing and/or reserving.

The Group adheres to well-defined market-oriented underwriting and claims guidelines and practices that have been developed based on extensive historical experience and with the assistance of professional reinsurers.

The Group's actuarial teams conduct regular experience studies of all the insurance risk factors in its portfolio. These internal studies together with external data are used to identify the impact of emerging trends, such as medical technology, health and wellness, climate change and long COVID-19, which can then be used to inform product design, pricing, underwriting, claims management and reinsurance needs.

The Group limits its exposure to new risks and large claims on any single insured life by applying retention limits that vary by market and insurance benefit type to the amount of insurance coverage per insured. The exposure in excess of these limits is ceded to reinsurers.

Persistency (Lapse) risk

Persistency (Lapse) risk arises from policies lapsing, on average, differently to that assumed in the pricing or reserving assumptions. Persistency risk is assessed as part of the product development process and monitored through regular experience studies.

Ensuring customers buy products that sustainably meet their needs is central to the Group's Operating Philosophy. Through effective implementation of the Business Quality Framework, comprehensive sales training programmes and active monitoring of sales activities and persistency, the Group seeks to ensure that appropriate products are sold by qualified sales representatives and that standards of service consistently meet our customers' needs.

34. RISK MANAGEMENT (continued)

Insurance risk (continued)

Sensitivity analysis on insurance risk

The table below sets out the sensitivity analysis in respect of insurance contracts and reinsurance contracts held to key variables affecting insurance risk exposures. This analysis assumes that all other variables remain constant. Information below presents the sensitivities both before and after risk mitigation by reinsurance, and illustrates the estimated impact on profits, CSM, total equity and comprehensive equity arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as below:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in insurance finance income or expenses that are recognised in profit or loss.
- The effects on CSM reflect the change of the corresponding insurance risks that impacts CSM.
- The effects on equity are the effects on profit and loss and the effects on other comprehensive income arising from changes in insurance finance income or expenses.
- The effects on comprehensive equity are the effects on shareholders' equity and net CSM.

Sensitivity analysis before risk mitigation by reinsurance[(1)(2)]

US$m	**Impact on profit before tax**	**Impact on CSM**	**Impact on total equity (before the effects of taxation)**	**Impact on comprehensive equity[(3)] (before the effects of taxation and deduction of non-controlling interests)**
31 December 2023				
10% increase in attributable expenses	**(59)**	**(781)**	**(61)**	**(842)**
10% decrease in attributable expenses	**56**	**784**	**57**	**841**
10% increase in mortality/morbidity rates	**(921)**	**(7,905)**	**(504)**	**(8,409)**
10% decrease in mortality/morbidity rates	**552**	**8,433**	**137**	**8,570**
10% increase in lapse/discontinuance rates	**(3)**	**(2,838)**	**338**	**(2,500)**
10% decrease in lapse/discontinuance rates	**(2)**	**3,137**	**(396)**	**2,741**

US$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity[(3)] (before the effects of taxation and deduction of non-controlling interests)
31 December 2022 (restated)				
10% increase in attributable expenses	(61)	(633)	(38)	(671)
10% decrease in attributable expenses	65	642	38	680
10% increase in mortality/morbidity rates	(1,039)	(7,392)	(257)	(7,649)
10% decrease in mortality/morbidity rates	717	7,863	(65)	7,798
10% increase in lapse/discontinuance rates	(12)	(2,606)	239	(2,367)
10% decrease in lapse/discontinuance rates	6	2,866	(297)	2,569

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian Savings and Investments (S&I) were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The sensitivity analysis on insurance risk includes the impact of unit-linked contracts under IFRS 17.

(3) Represents the total of shareholders' equity and net CSM.

34. RISK MANAGEMENT (continued)

Insurance risk (continued)

Sensitivity analysis on insurance risk (continued)

Sensitivity analysis after risk mitigation by reinsurance[(1)(2)]

US$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity[(3)] (before the effects of taxation and deduction of non-controlling interests)
31 December 2023				
10% increase in attributable expenses	**(58)**	**(781)**	**(61)**	**(842)**
10% decrease in attributable expenses	**56**	**784**	**56**	**840**
10% increase in mortality/morbidity rates	**(641)**	**(6,337)**	**(106)**	**(6,443)**
10% decrease in mortality/morbidity rates	**308**	**6,783**	**(238)**	**6,545**
10% increase in lapse/discontinuance rates	**1**	**(2,617)**	**259**	**(2,358)**
10% decrease in lapse/discontinuance rates	**(7)**	**2,861**	**(321)**	**2,540**

US$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity[(3)] (before the effects of taxation and deduction of non-controlling interests)
31 December 2022 (restated)				
10% increase in attributable expenses	(61)	(633)	(38)	(671)
10% decrease in attributable expenses	65	641	38	679
10% increase in mortality/morbidity rates	(757)	(5,662)	(39)	(5,701)
10% decrease in mortality/morbidity rates	473	6,043	(248)	5,795
10% increase in lapse/discontinuance rates	(6)	(2,341)	178	(2,163)
10% decrease in lapse/discontinuance rates	1	2,566	(226)	2,340

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The sensitivity analysis on insurance risk includes the impact of unit-linked contracts under IFRS 17.

(3) Represents the total of shareholders' equity and net CSM.

34. RISK MANAGEMENT (continued)

Investment and financial risks

Investment management objectives, policies and processes

The Group manages its financial investments in two distinct categories: unit-linked investments and policyholder and shareholder investments. The investment risk in respect of unit-linked investments is generally borne by our customers, and the investment return gains or losses are largely offset by the changes in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments. The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Group and directly affects the profit before tax.

Policyholder and shareholder investments are further categorised as participating funds, other participating business with distinct portfolios and other policyholder and shareholder.

The primary investment objectives of our policyholder and shareholder investments are generally designed to achieve optimal levels of risk-adjusted return for policyholders and shareholders over the long term, while preserving capital, maintaining adequate solvency and liquidity levels, meeting our risk management and asset-liability management objectives and ensuring full compliance with applicable regulations and internal policies.

The Group has comprehensive, integrated frameworks to ensure investments are properly authorised, monitored and managed within internal policies that address asset-liability management, financial and operational risks, whether assets are invested directly by the Group or through external investment managers. This framework consists of three elements: a strategic asset allocation framework; a tactical asset allocation process; and a combination of internal and external investment management for individual asset classes where appropriate.

The Group's investment management function is empowered with decision-making authority and complies with exposure limits as defined in Risk Standards.

Climate change, and the transition to net zero, create risks for the financial system. The Group recognises the potential investment losses due to climate risk in the long term and, as a result, it mandates the consideration of various Environmental, Social and Governance (ESG) factors, including climate change, in the bottom-up investment process applicable to its general account assets. The Group has developed internal ESG scoring methodologies to assess relevant ESG factors in potential and actual investee companies in relation to our directly managed general account assets and to assess external asset managers on their approach to both ESG engagement with investee companies and the assessment of ESG factors for investment decisions. The Group will continue to enhance its climate scenario analysis in assessing the impacts of climate change on its investment assets.

Asset-liability management

Asset-liability management for the Group is overseen by the Group Asset-Liability Committee and by asset-liability committees in each business unit. The Group manages its asset-liability risks in a variety of ways, including the strategic asset allocation process under which the strategic asset allocation in each entity and for major different product groups is governed, defining the asset allocation with consideration of the characteristics of the liabilities and related risks, capital and other requirements on both economic and regulatory bases. The Group manages asset-liability risks predominantly on an economic basis, while also considering the effect on all applicable regulatory solvency requirements and other considerations such as earnings. Asset-liability management actions include product pricing and product design, reviews of policyholder dividends, asset allocation, hedging using derivatives, reinsurance, and the management of discretionary policyholder benefits. The asset-liability risks for the Group are credit risk, credit spread risk, interest rate risk, equity risk, foreign exchange rate risk, and liquidity risk. The exposures and sensitivity analysis are detailed below.

Credit risk

Credit risk arises from third parties failing to meet their obligations to the Group when they fall due. Although the primary source of credit risk is the Group's investment portfolio, such risk can also arise through reinsurance and treasury activities.

The Group's credit risk management oversight process is governed centrally, but provides for decentralised management and accountability by our lines of defence. Fundamental to AIA's credit risk management is adherence to a well-controlled underwriting process. Credit risk limits are applied to control concentrations in individual exposures, sector and cross-border investments. A detailed analysis of each counterparty is performed and a rating is determined by the investment teams according to an internal rating framework. The Group's Risk Management function manages the Group's internal ratings framework and conducts periodic rating validations. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk

In compiling the tables, external ratings have been used where available. External ratings have been used in accordance with the Group's credit risk assessment framework. Where external ratings are not readily available an internal rating methodology has been adopted, if applicable.

Credit risk limits are set according to the Group's credit risk assessment framework, which defines the relative risk level of a debt security.

External ratings		Internal ratings	Reported as
Standard and Poor's and Fitch	Moody's		
AAA	Aaa	1	AAA
AA+ to AA-	Aa1 to Aa3	2+ to 2-	AA
A+ to A-	A1 to A3	3+ to 3-	A
BBB+ to BBB-	Baa1 to Baa3	4+ to 4-	BBB
BB+ and below	Ba1 and below	5+ and below	Below investment grade(1)

Note:
(1) Unless otherwise identified individually.

Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk. The Group's processes for measuring expected credit losses include processes for initial approval, regular validation and back-testing of the models used, and incorporation of forward-looking information.

The Group monitors concentrations of credit arising from investment in debt securities by type, nature and rating as shown in note 18. Reinsurance is ceded across all geographical regions in which the Group operates. The Group does not have excessive credit risk with any single reinsurer.

The following table sets out information about the credit quality of reinsurance contract assets and financial assets not measured at FVTPL.

Reinsurance contract assets(1)

US$m	As at 31 December 2023	As at 31 December 2022 (restated)
Investment grade	**6,040**	5,755
Below investment grade	**–**	–
Not rated	**7**	8
Total	**6,047**	5,763

Note:
(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at amortised cost(1)(2)

	As at 31 December 2023					As at 31 December 2022 (restated)				
US$m	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credited-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credited-impaired	Total
Debt securities										
AAA	**31**	**–**	**–**	**–**	**31**	31	–	–	–	31
AA	**490**	**–**	**–**	**–**	**490**	427	–	–	–	427
A	**985**	**–**	**–**	**–**	**985**	891	–	–	–	891
BBB	**509**	**–**	**–**	**–**	**509**	428	–	–	–	428
Below investment grade	**132**	**15**	**–**	**–**	**147**	1	15	–	–	16
Not rated	**9**	**–**	**–**	**–**	**9**	–	–	–	–	–
Total gross carrying amount	**2,156**	**15**	**–**	**–**	**2,171**	1,778	15	–	–	1,793
Loss allowance	**(4)**	**(2)**	**–**	**–**	**(6)**	(4)	(2)	–	–	(6)
Amortised cost	**2,152**	**13**	**–**	**–**	**2,165**	1,774	13	–	–	1,787
Loans and deposits										
AAA	**15**	**–**	**–**	**–**	**15**	–	–	–	–	–
AA	**171**	**–**	**–**	**–**	**171**	976	–	–	–	976
A	**597**	**–**	**–**	**–**	**597**	590	–	–	–	590
BBB	**1,488**	**–**	**–**	**–**	**1,488**	1,514	–	–	–	1,514
Below investment grade	**853**	**–**	**–**	**–**	**853**	722	–	–	–	722
Not rated	**584**	**15**	**20**	**–**	**619**	770	11	10	–	791
Total gross carrying amount	**3,708**	**15**	**20**	**–**	**3,743**	4,572	11	10	–	4,593
Loss allowance	**(11)**	**(2)**	**(7)**	**–**	**(20)**	(17)	(3)	(7)	–	(27)
Amortised cost	**3,697**	**13**	**13**	**–**	**3,723**	4,555	8	3	–	4,566

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The Group's maximum exposure to credit risk of accrued investment income and cash and cash equivalents is limited to the carrying amounts of the assets, the majority of which is arising from the financial assets rated as investment grade and deposits with reputable financial institutions.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at fair value through other comprehensive income[1]

US$m	As at 31 December 2023 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credited-impaired	Total	As at 31 December 2022 (restated) 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credited-impaired	Total
Debt securities										
AAA	**5,223**	**–**	**–**	**–**	**5,223**	9,608	–	–	–	9,608
AA	**14,735**	**–**	**–**	**–**	**14,735**	12,340	–	–	–	12,340
A	**35,814**	**–**	**–**	**–**	**35,814**	34,404	–	–	–	34,404
BBB	**29,618**	**–**	**–**	**–**	**29,618**	31,245	–	–	–	31,245
Below investment grade	**2,117**	**266**	**366**	**–**	**2,749**	1,922	511	103	–	2,536
Not rated	**2**	**–**	**–**	**–**	**2**	–	–	–	–	–
Total gross carrying amount	**87,509**	**266**	**366**	**–**	**88,141**	89,519	511	103	–	90,133
Loss allowance	**(133)**	**(17)**	**(327)**	**–**	**(477)**	(167)	(50)	(83)	–	(300)
Amortised cost	**87,376**	**249**	**39**	**–**	**87,664**	89,352	461	20	–	89,833
Carrying amount – fair value	**88,355**	**219**	**38**	**–**	**88,612**	85,714	325	21	–	86,060

Note:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

Credit spread risk

Credit spread movements affect both the value of assets and liabilities. Credit spread risk is in a large part managed through the strategic asset allocation process, whereby the two key drivers of spread risk – credit rating and spread duration – are managed for capital efficiency, taking into account both the economic risk and the local solvency capital considerations. The risk is monitored by the business units, with special attention paid to any issuers with credit ratings close to the lower boundary of investment grade.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Interest rate risk

Interest rate risk is primarily measured through the duration gap, which provides an understanding of the implications of interest rates movements on surplus. Since most markets do not have assets of sufficient tenor to match life insurance contract liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Group's insurance contract liabilities.

AIA manages interest rate risk primarily on an economic basis. Interest rate risk on the local solvency basis is also taken into consideration for business units where local solvency regimes deviate from the economic basis. Furthermore, AIA actively manages interest rate risk by extending asset duration, managing liability duration, repricing products, and implementing appropriate hedging programmes and reinsurance solutions where possible. For products with discretionary benefits, additional modelling of interest rate risk is performed to guide the determination of appropriate management actions. Management also takes into consideration the asymmetrical impact of interest rate movements when evaluating products with options and guarantees.

Exposure to interest rate risk

The table below summarises the nature of the interest rate risk associated with financial assets and financial liabilities. In preparing this analysis, fixed rate interest bearing instruments that mature or reprice within 12 months of the reporting date have been disclosed as variable rate instruments.

US$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2023				
Financial instruments				
Financial assets				
Loans and deposits	**687**	**3,295**	**13**	**3,995**
Receivables	**192**	**–**	**1,102**	**1,294**
Debt securities	**13,384**	**164,374**	**–**	**177,758**
Equity shares, interests in investment funds and exchangeable loan notes	**–**	**1,172**	**65,281**	**66,453**
Accrued investment income	**–**	**–**	**1,832**	**1,832**
Cash and cash equivalents	**4,138**	**–**	**7,387**	**11,525**
Derivative financial instruments	**–**	**–**	**752**	**752**
Total financial assets	**18,401**	**168,841**	**76,367**	**263,609**
Financial liabilities				
Investment contract liabilities	**–**	**–**	**8,975**	**8,975**
Borrowings	**–**	**11,800**	**–**	**11,800**
Obligations under repurchase agreements	**2,996**	**465**	**–**	**3,461**
Other liabilities	**95**	**196**	**4,596**	**4,887**
Derivative financial instruments	**–**	**–**	**8,035**	**8,035**
Total financial liabilities	**3,091**	**12,461**	**21,606**	**37,158**
Insurance contracts and reinsurance contracts held				
Liabilities				**204,993**
Assets				**5,831**

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to interest rate risk (continued)

US$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2022 (restated)[1]				
Financial instruments				
Financial assets				
Loans and deposits	1,745	3,097	3	4,845
Receivables	167	–	1,496	1,663
Debt securities	14,621	150,722	–	165,343
Equity shares, interests in investment funds and exchangeable loan notes	–	1,250	60,705	61,955
Accrued investment income	–	–	1,740	1,740
Cash and cash equivalents	4,385	–	3,635	8,020
Derivative financial instruments	–	–	568	568
Total financial assets	20,918	155,069	68,147	244,134
Financial liabilities				
Investment contract liabilities	–	–	8,862	8,862
Borrowings	–	11,206	–	11,206
Obligations under repurchase agreements	1,748	–	–	1,748
Other liabilities	92	391	3,781	4,264
Derivative financial instruments	–	–	8,638	8,638
Total financial liabilities	1,840	11,597	21,281	34,718
Insurance contracts and reinsurance contracts held				
Liabilities				183,646
Assets				6,332

Note:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

Equity risk

Equity risk arises from changes in the market value of equity shares, interests in investment funds and exchangeable loan notes. Investments in equity shares, interests in investment funds and exchangeable loan notes on a long-term basis are expected to align with policyholders’ expectations, provide diversification benefits and enhance returns. The extent of exposure to equities at any time is subject to the terms of the Group’s strategic asset allocations. Equity risk arising from the underlying items of participating contracts is generally borne by policyholders except to the extent of the Group’s share of the performance of the underlying items. The Group is also exposed to equity price risk from equity guarantees in variable contracts and hedges its exposure using equity derivatives.

Equity risk is managed through strategic asset allocation and tactical asset allocation. Equity investments are subject to benchmarks and controls relating to maximum concentration and tracking errors. Equity limits are also applied to contain concentration risk of individual stocks and sectors, liquidity as well as equity volatility. Equity exposures are included in the aggregate exposure reports on each individual counterparty to ensure concentrations are avoided.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Concentration risk

The greatest aggregate concentration of fair value to an individual issuer (excluding all government bonds) was approximately 1 per cent (2022: approximately 1 per cent) of the total equity and debt investments as at 31 December 2023.

Sensitivity analysis

Sensitivity analysis to the key variables, namely interest rate and equity risks, affecting insurance contracts and reinsurance contracts held, and financial instruments held by the Group is set out below. The carrying values of other financial assets are not subject to changes in response to movements in interest rates or equity prices. In calculating the sensitivity to changes in interest rates and equity prices, the Group has made assumptions about the corresponding impact of asset valuations on liabilities to policyholders. The market risk in respect of unit-linked investments is generally borne by our customers, and the investment return gains or losses are largely offset by the changes in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments.

Information is presented to illustrate the estimated impact on profits, total equity, allocated equity and CSM arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as follows:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in investment return, insurance finance income or expenses and foreign exchange differences that are recognised in profit or loss.
- The effects on equity are the effects on profit or loss, and the effects on other comprehensive income arising from net changes in net investment results and net insurance finance income or expenses.
- The effects on CSM reflects the change of the corresponding market risks that impacts CSM.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax, total equity, allocated equity and CSM before the effects of taxation to changes in interest rates and equity prices on the grounds that default events reflect the characteristics of individual issuers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Sensitivity analysis on interest rate risk[(1)(2)]

An analysis of the Group's sensitivity to 50 basis points parallel increase or decrease in yield curves at the reporting date, assuming that all other variables remain constant, is presented below.

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2023				
+ 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	**6,633**	**9,859**	**6,633**	**(487)**
Financial instruments	**(6,783)**	**(11,916)**	**(6,783)**	**–**
	(150)	**(2,057)**	**(150)**	**(487)**
– 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	**(7,444)**	**(11,060)**	**(7,444)**	**505**
Financial instruments	**7,609**	**13,414**	**7,609**	**–**
	165	**2,354**	**165**	**505**

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2022 (restated)				
+ 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	5,911	8,476	5,911	(713)
Financial instruments	(6,023)	(10,700)	(6,023)	–
	(112)	(2,224)	(112)	(713)
– 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	(6,630)	(9,329)	(6,630)	934
Financial instruments	6,764	12,031	6,764	–
	134	2,702	134	934

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Sensitivity analysis on equity risk[(1)(2)]

An analysis of the Group's sensitivity to 10 per cent increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

US$m	**Impact on profit before tax**	**Impact on total equity (before the effects of taxation)**	**Impact on allocated equity (before the effects of taxation)**	**Impact on CSM**
31 December 2023				
10 per cent increase in equity prices:				
Insurance contracts and reinsurance contracts held	**(2,998)**	**(3,039)**	**(2,998)**	**679**
Financial instruments	**4,168**	**4,168**	**4,168**	**–**
	1,170	**1,129**	**1,170**	**679**
10 per cent decrease in equity prices:				
Insurance contracts and reinsurance contracts held	**2,996**	**3,039**	**2,996**	**(694)**
Financial instruments	**(4,168)**	**(4,168)**	**(4,168)**	**–**
	(1,172)	**(1,129)**	**(1,172)**	**(694)**

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2022 (restated)				
10 per cent increase in equity prices:				
Insurance contracts and reinsurance contracts held	(2,702)	(2,744)	(2,702)	577
Financial instruments	3,893	3,893	3,893	–
	1,191	1,149	1,191	577
10 per cent decrease in equity prices:				
Insurance contracts and reinsurance contracts held	2,703	2,744	2,703	(579)
Financial instruments	(3,893)	(3,893)	(3,893)	–
	(1,190)	(1,149)	(1,190)	(579)

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Foreign exchange rate risk

The Group's foreign exchange rate risk arises mainly from the Group's operations in multiple markets in Asia and the translation of multiple currencies to the US dollar for financial reporting purposes. The balance sheet values of our operating units and subsidiaries are not hedged to the Group's presentation currency, the US dollar.

Assets, liabilities and local regulatory and stress capital in each business unit are generally currency matched except for holdings of equities and other non-fixed income assets denominated in currencies other than the functional currency. Bonds denominated in currencies other than the functional currency are hedged with cross-currency swaps or foreign exchange forward contracts.

Exposure to foreign exchange rates[1][2]

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2023						
Insurance contracts and reinsurance contracts held						
Assets	**–**	**1,564**	**635**	**719**	**1,246**	**42**
Liabilities	**(75,807)**	**(37,088)**	**(5,934)**	**(14,874)**	**(19,854)**	**(8,113)**
Financial instruments						
Assets	**118,532**	**44,699**	**1,418**	**19,675**	**15,954**	**8,961**
Liabilities	**(21,447)**	**(4,769)**	**(3,370)**	**(1,649)**	**(3,387)**	**(72)**
Net positions of currency derivatives	**(3,222)**	**(2,040)**	**390**	**2,190**	**2,684**	**441**

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2022 (restated)						
Insurance contracts and reinsurance contracts held						
Assets	337	1,483	685	1,131	1,154	9
Liabilities	(66,341)	(30,059)	(5,869)	(14,345)	(18,554)	(8,238)
Financial instruments						
Assets	105,383	39,337	4,133	19,104	15,414	9,415
Liabilities	(20,692)	(3,443)	(2,292)	(2,313)	(2,821)	(368)
Net positions of currency derivatives	(5,996)	(344)	324	1,996	3,875	210

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The scope of this exposure to foreign exchange rates excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Sensitivity analysis on foreign exchange rate risk(1)(2)

A reasonably possible strengthening or weakening of the following currencies against all other currencies at the reporting date would have affected the measurement of insurance contracts and reinsurance contracts held and financial instruments denominated in foreign currency and affected the profit before tax, total equity and CSM by the amounts shown below. This analysis assumes that all other variables remain constant.

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2023						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,055)	(11)	14	–	(6)	(3)
Financial instruments	1,011	8	(83)	27	(79)	12
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(1,777)	(94)	(708)	(539)	(404)
Financial instruments	–	1,894	(78)	1,011	763	467
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	818	57	322	148	123
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,055)	9	(13)	–	1	–
Financial instruments	1,011	(5)	88	(26)	94	(12)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	1,693	89	674	535	384
Financial instruments	–	(1,804)	74	(963)	(726)	(444)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(779)	(55)	(307)	(143)	(117)

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Sensitivity analysis on foreign exchange rate risk(1)(2) (continued)

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2022 (restated)						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(901)	(48)	(128)	(9)	(24)	(4)
Financial instruments	889	143	99	(14)	(8)	(2)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(1,473)	(249)	(669)	(583)	(415)
Financial instruments	–	1,778	108	939	823	463
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	847	69	303	150	124
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(901)	39	105	7	19	3
Financial instruments	889	(127)	(66)	15	25	2
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	1,399	220	636	611	395
Financial instruments	–	(1,693)	(103)	(895)	(784)	(441)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(806)	(64)	(289)	(149)	(118)

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Liquidity risk

The Group defines liquidity risk as the risk of failure to meet current and future financial commitments as they fall due. This incorporates the risks arising from the timing mismatch of cash inflows and outflows in day-to-day operations, including policyholder and third-party payments, collateral requirements, as well as insufficient market liquidity of assets required for policyholder liabilities.

AIA manages liquidity risk in accordance with the Group's Board approved liquidity framework. This framework contains the standards, procedures, and tools used by the Group to monitor and manage liquidity risk on a forward-looking basis in base and stressed conditions across multiple time horizons from daily to monthly time steps for 12-month period, as well as a projection in line with strategic planning. The forward-looking management of liquidity over short to longer-term horizons allows for the early detection of risks and enables management to action the pre-defined liquidity contingency plans. The framework is comprised of four pillars:

- Daily Cash Forecasting and Liquidity Adequacy Ratio;
- Structural Liquidity Adequacy Ratio;
- Liquidity Projection over the Strategic Planning Period; and
- Liquidity Management and Contingency Plans.

AIA supports its liquidity internally by maintaining appropriate pools of unencumbered high-quality liquid investment assets. Liquidity is further supported externally via access to committed credit facilities, use of bond repurchase markets and debt markets via the Group's Global Medium-term Note and Securities Programme.

The Group's liquidity framework builds liquidity resiliency in all our markets while providing central oversight and the ability to take timely management action if required to ensure we meet all our financial commitments as they fall due.

The maturity profile of our financial liabilities, insurance contract liabilities and reinsurance contract liabilities are presented below which provides a supplemental long-term view on the Group's liquidity profile.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Liquidity risk (continued)

Contractual maturities of financial liabilities

US$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity[(2)]
31 December 2023						
Borrowings	**16,365**	**1,277**	**3,706**[(1)]	**4,842**	**4,994**	**1,546**
Obligations under repurchase agreements	**3,461**	**3,461**	**–**	**–**	**–**	**–**
Other liabilities excluding lease liabilities	**3,698**	**3,537**	**86**	**4**	**2**	**69**
Lease liabilities	**381**	**141**	**221**	**18**	**1**	**–**
Derivative financial instruments	**8,408**	**1,991**	**6,028**	**186**	**203**	**–**
Subtotal	**32,313**	**10,407**	**10,041**	**5,050**	**5,200**	**1,615**
Investment contract liabilities and third-party interests in consolidated investment funds	**9,992**	**87**	**264**	**237**	**213**	**9,191**
Total	**42,305**	**10,494**	**10,305**	**5,287**	**5,413**	**10,806**

Notes:
(1) Including US$2,410m which fall due after 2 years through 5 years.
(2) Balances with no fixed maturity are repayable on demand as the counterparty has a choice of when the amount is paid.

US$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity[(2)]
31 December 2022 (restated)[(3)]						
Borrowings	15,664	880	3,931[(1)]	3,761	5,945	1,147
Obligations under repurchase agreements	1,748	1,748	–	–	–	–
Other liabilities excluding lease liabilities	3,007	2,898	67	12	2	28
Lease liabilities	413	140	249	23	1	–
Derivative financial instruments	9,155	1,415	7,180	232	328	–
Subtotal	29,987	7,081	11,427	4,028	6,276	1,175
Investment contract liabilities and third-party interests in consolidated investment funds	9,939	66	262	266	257	9,088
Total	39,926	7,147	11,689	4,294	6,533	10,263

Notes:
(1) Including US$2,739m which fall due after 2 years through 5 years.
(2) Balances with no fixed maturity are repayable on demand as the counterparty has a choice of when the amount is paid.
(3) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities(1)(2)

US$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
31 December 2023							
Insurance contract liabilities	**155,459**	**(4,778)**	**(5,496)**	**(3,214)**	**(1,452)**	**1,172**	**169,227**
Reinsurance contract liabilities	**917**	**59**	**44**	**43**	**41**	**48**	**682**

US$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
31 December 2022 (restated)							
Insurance contract liabilities	135,469	(4,010)	(4,397)	(2,270)	(779)	772	146,153
Reinsurance contract liabilities	979	27	35	41	43	42	791

Notes:

(1) At 31 December 2022, the assets and liabilities of Australian S&I were included in the assets in disposal group held for sale and the liabilities in disposal group held for sale. Therefore, the amounts in the above table exclude the effects on the Australian S&I assets and liabilities. The 2022 comparatives were prepared on the same basis to conform to the presentation for 2023.

(2) The amounts of payable on demand of insurance contracts are US$190,031m as at 31 December 2023 (2022: US$176,195m).

Transactions within the Group

Intra-group transactions are overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. The Group Risk function oversees the processes to identify and assess material systematic intra-group transaction risks, and ensure risks assumed are within the Group's Risk Management Framework.

During the year ended 31 December 2023, material intra-group transactions were mainly related to support services provided within the Group, a limited number of financing and reinsurance arrangements, collective investment funds that provide a simple return of capital guarantee and are backed by investment grade fixed income assets, and a limited number of intra-group transfers of assets and subsidiaries.

35. EMPLOYEE BENEFITS

Post-retirement benefit obligations

The Group operates a number of funded and unfunded post-retirement employee benefit schemes, whose members receive benefits on either a defined benefit basis (generally related to salary and length of service) or a defined contribution basis (generally related to the amount invested, investment return and annuity rates), the assets of which are generally held in separate trustee-administered funds. The defined benefit plans provide life and medical benefits for employees after retirement and a lump sum benefit on cessation of employment, and the defined contribution plans provide post-retirement pension benefits.

Defined benefit plans

The Group operates funded and unfunded defined benefit plans that provide life and medical benefits for participating employees after retirement and a lump sum benefit on cessation of employment. The locations covered by these plans include Hong Kong, Thailand, Singapore, Malaysia, Cambodia, Indonesia, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam. The latest independent actuarial valuation of the plans was at 31 December 2023 and was prepared by credentialed actuaries of Towers Watson Hong Kong Limited. All the actuaries are qualified members of professional actuarial organisations to render the actuarial opinions.

For defined benefit plans, the costs are assessed using the projected unit credit method. Under this method, the cost of providing benefits is charged to the consolidated income statement so as to spread the regular cost over the service lives of employees, in accordance with the advice of qualified actuaries. The obligation is measured as the present value of the estimated future cash outflows, using a discount rate based on market yields for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The resulting scheme surplus or deficit appears as an asset or liability in the consolidated statement of financial position.

The actuarial valuations indicate that the Group's obligations under these defined benefit retirement plans are 52 per cent (2022: 56 per cent) covered by the plan assets held by the trustees. The fair value of plan assets as at year end at the date of valuation was US$109m (2022: US$94m). The total expenses relating to these plans recognised in the consolidated income statement was US$9m (2022: US$10m).

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans. Once the contributions have been paid, the Group, as employer, does not have any further payment obligations. The Group's contributions are charged to the consolidated income statement in the reporting period to which they relate and are included in employee benefit expenses. The total expense relating to these plans in the current year was US$139m (2022: US$128m). Employees and the employer are required to make monthly contributions equal to 1 per cent to 22 per cent of the employees' monthly basic salaries, depending on years of service and subject to any applicable caps of monthly relevant income in different jurisdictions. For defined contribution pension plans with vesting conditions, any forfeited contributions by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions are used by the employer to reduce any future contributions. The amount of forfeited contributions used to reduce the existing level of contributions is not material.

36. SHARE-BASED COMPENSATION

Share-based compensation plans

The Group's share-based compensation plans are equity-settled plans. Under equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of shares and/or share options is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or share options granted. Non-market vesting conditions are included in assumptions about the number of shares and/or share options that are expected to be vested. At each period end, the Group revises its estimates of the number of shares and/or share options that are expected to be vested. Any impact of the revision to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where grants of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate grant, and therefore the fair value of each tranche is recognised over the applicable vesting period.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

During the year ended 31 December 2020, the 2010 Share Option (SO) Scheme, the 2010 Restricted Share Unit (RSU) Scheme and the 2011 Employee Share Purchase Plan (ESPP) were terminated. There shall be no further grants under either of these schemes. However, these schemes shall remain in full force and effect for all grants prior to its termination, and the exercise and the vesting of these grants shall be subject to and in accordance with the terms on which they were granted under the provisions of each of these schemes, and the Listing Rules, where applicable. In the same year, the Group adopted the 2020 SO Scheme, the 2020 RSU Scheme and the 2020 ESPP Plan.

During the years ended 31 December 2023 and 31 December 2022, the Group made new grants of SOs, RSUs and restricted stock purchase units (RSPUs) to certain directors, officers and employees of the Group under these schemes.

On 1 February 2021, the Company adopted the new 2021 Agency Share Purchase Plan (ASPP) with an effective period of 10 years from the date of adoption. The 2012 ASPP was terminated with effect from 31 March 2021, after which time no further restricted stock subscription units (RSSUs) can be granted under such plan. The 2012 ASPP shall remain in full force and effect for all RSSUs granted prior to this termination, and the vesting of such RSSUs shall be subject to and in accordance with the terms on which they were granted under the provisions of the 2012 ASPP.

During the years ended 31 December 2023 and 31 December 2022, the Group made new grants of RSSUs to eligible agents under the 2021 ASPP.

RSU Schemes

Under the RSU Schemes, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the Group during the respective vesting periods. RSU grants are vested either entirely after a specific period of time or in tranches over the vesting period during which, the eligible participants are required to remain in employment with the Group. For RSU grants that are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the respective vesting period. For most RSUs, performance conditions are also attached which include both market and non-market conditions. RSUs subject to performance conditions are released to the participants at the end of the vesting period depending on the actual achievement of the performance conditions. During the vesting period, the participants are not entitled to dividends of the underlying shares. Except in jurisdictions where restrictions apply, the granted RSUs are expected to be settled in equity.

36. SHARE-BASED COMPENSATION (continued)

Share-based compensation plans (continued)

RSU Schemes (continued)

Number of shares	Year ended 31 December 2023	Year ended 31 December 2022
Restricted Share Units		
Outstanding at beginning of financial year	**29,603,948**	28,418,958
Granted	**11,470,894**	12,535,139
Forfeited	**(6,337,282)**	(5,437,310)
Vested	**(4,824,183)**	(5,912,839)
Outstanding at end of financial year	**29,913,377**	29,603,948

SO Schemes

The objectives of the SO Schemes are to align eligible participants' interests with those of the shareholders of the Company by allowing eligible participants to share in the value created at the point they exercise their share options. SO grants are vested either entirely after a specific period of time or in tranches over the vesting period approximately three to five years, during which the eligible participants are required to remain in employment with the Group. For SO grants that are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the respective vesting periods. The granted SOs expire 10 years from the date of grant and each SO entitles the eligible participant to subscribe for one ordinary share. Subject to restrictions in the applicable laws, regulations and rules of the relevant jurisdictions, the granted SOs are expected to be settled in equity.

Information about SOs outstanding and SOs exercisable by the Group's employees and directors as at the end of the reporting period is as follows:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of share options	Weighted average exercise price (HK$)	Number of share options	Weighted average exercise price (HK$)
Share options				
Outstanding at beginning of financial year	**23,973,304**	**66.48**	23,359,771	62.94
Granted	**1,918,599**	**80.73**	2,519,456	79.85
Exercised	**(661,786)**	**44.16**	(1,895,760)	40.43
Forfeited or expired	**(124,945)**	**83.30**	(10,163)	97.33
Outstanding at end of financial year	**25,105,172**	**68.07**	23,973,304	66.48
Share options exercisable at end of financial year	**19,270,954**	**62.95**	15,355,259	60.61

At the respective dates on which the SOs were exercised, the weighted average share price of the Company was HK$81.27 for the year ended 31 December 2023 (2022: HK$80.70).

36. SHARE-BASED COMPENSATION (continued)

Share-based compensation plans (continued)

SO Schemes (continued)

The range of exercise prices for the SOs outstanding as of 31 December 2023 and 31 December 2022 is summarised in the table below.

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
Range of exercise price				
HK$26 – HK$35	**–**	**–**	37,266	0.19
HK$36 – HK$45	**1,692,658**	**2.12**	1,986,862	2.83
HK$46 – HK$55	**4,396,614**	**2.75**	4,690,563	3.72
HK$56 – HK$65	**830,436**	**3.58**	830,436	4.58
HK$66 – HK$75	**8,609,199**	**5.36**	8,696,612	6.36
HK$76 – HK$85	**7,805,626**	**7.17**	5,901,935	7.50
Over HK$86	**1,770,639**	**7.23**	1,829,630	8.23
Outstanding at end of financial year	**25,105,172**	**5.32**	23,973,304	5.90

ESPP

Under the ESPPs, eligible employees of the Group can purchase ordinary shares of the Company with qualified employee contributions and the Company will grant one matching RSPU to them at the end of the vesting period for each two shares purchased through the qualified employee contributions (contribution shares). Contribution shares are purchased from the open market. During the relevant vesting period, the eligible employees must hold the contribution shares purchased and remain employed by the Group in order to qualify to receive the matching shares upon the vesting of the matching RSPUs. The granted matching RSPUs are expected to be settled in equity. Under the 2011 ESPP, the level of qualified employee contribution was subject to a maximum amount equal to 8 per cent of the monthly base salary or HK$9,750 (or local currency equivalent) per month, whichever is lower. Under the 2020 ESPP, the level of qualified employee contribution is subject to a maximum amount equal to 10 per cent of the monthly base salary or HK$12,500 (or local currency equivalent) per month, whichever is lower. For the year ended 31 December 2023, eligible employees paid US$39m (2022: US$38m) to purchase 4,062,855 ordinary shares (2022: 3,815,201 ordinary shares) of the Company under the ESPPs.

ASPP

The structure of the ASPPs generally follows those of the ESPPs, the key difference is that the eligible agents are required to pay a subscription price of US$1 to subscribe for each new share in the Company at the end of the vesting period. Under the plans, eligible agents of the Group can purchase ordinary shares of the Company with qualified agent contributions and the Company will grant one matching RSSU to them at the end of the vesting period for each two shares purchased through the qualified agent contributions (agent contribution shares). Each RSSU entitles eligible agents to subscribe for one new share of the Company. Agent contribution shares are purchased from the open market. During the vesting period, the eligible agents must hold the contribution shares purchased and maintain their agent contracts with the Group in order to qualify to receive the matching shares upon the vesting of the matching RSSUs. The granted matching RSSUs are expected to be settled in equity. Under the ASPPs, the level of qualified agent contribution is subject to a maximum amount of HK$9,750 (or local currency equivalent) per month and HK$12,500 (or local currency equivalent) per month respectively. For the year ended 31 December 2023, eligible agents paid US$20m (2022: US$20m) to purchase 2,143,422 ordinary shares (2022: 2,061,772 ordinary shares) of the Company under the ASPPs.

36. SHARE-BASED COMPENSATION (continued)

Valuation methodology

The Group utilises a binomial lattice model to calculate the fair value of the SO grants, involving a few significant assumptions such as the expected volatility, expected dividend yield and risk-free interest rate. The expected volatility of the Company's shares is estimated based on an analysis of historical data since they are traded in the HKSE. The expected dividend yield is estimated based on an analysis of historical dividend relative to historical share price. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. The analysis period for expected volatility and risk-free interest rate is consistent with the expected life of the SOs, which is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees.

The Group utilises a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU, RSPU and RSSU grants, taking into account the terms and conditions upon which the grants were made. Significant assumptions include expected dividend yield and risk-free interest rate. The value of expected dividends during the vesting period is estimated based on an analysis of historical dividend relative to historical share price. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. For performance-based RSUs, the simulation for achievement of market condition depends on assumptions of expected volatility of the Company's share and other market comparators as well as the correlations. These assumptions are estimated based on an analysis of historical data over a period consistent with the expected life of the RSUs.

Forfeitures prior to vesting are not allowed for in the valuation of the grants.

The fair values calculated for the grants are inherently subjective due to the assumptions made and the limitations of the models utilised.

	Year ended 31 December 2023			
	Share options	Restricted share units	ESPP Restricted stock purchase units	ASPP Restricted stock subscription units
Assumptions				
Risk-free interest rate	**3.19%**	**3.27%***	**3.16% – 4.17%**	**2.87%**
Volatility	**28%**	**28%**	**n/a**	**n/a**
Dividend yield	**1.60%**	**1.60%**	**1.60% – 1.70%**	**1.60%**
Exercise price (HK$)	**80.73**	**n/a**	**n/a**	**n/a**
Share option life (in years)	**10**	**n/a**	**n/a**	**n/a**
Expected life (in years)	**7.47**	**n/a**	**n/a**	**n/a**
Weighted average fair value per option/unit at measurement date (HK$)	**23.97**	**63.37**	**61.72**	**57.03**

	Year ended 31 December 2022			
	Share options	Restricted share units	ESPP Restricted stock purchase units	ASPP Restricted stock subscription units
Assumptions				
Risk-free interest rate	1.93%	1.57% – 3.55%*	0.84% – 4.27%	2.12%
Volatility	26%	26% – 28%	n/a	n/a
Dividend yield	1.70%	1.60% – 1.70%	1.60% – 1.70%	1.70%
Exercise price (HK$)	79.85	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.45	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK$)	21.00	64.26	73.00	58.32

* Applicable to RSU with market conditions.

36. SHARE-BASED COMPENSATION (continued)

Valuation methodology (continued)

The weighted average share price for SO valuation for grants made during the year ended 31 December 2023 is HK$78.95 (2022: HK$79.85). The total fair value of SO granted during the year ended 31 December 2023 is US$6m (2022: US$7m).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation grants made by the Group for the year ended 31 December 2023 is US$77m (2022: US$80m).

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors' remuneration

The Executive Director receives compensation in the form of salaries, bonuses, contributions to pension schemes, long-term incentives, housing and other allowances, and benefits in kind subject to applicable laws, rules and regulations. Bonuses and long-term incentives represent the variable components in the Executive Director's compensation and are linked to the performance of the Group and the Executive Director. Details of share-based payment schemes are described in note 36.

US$	Director's fees	Salaries, allowances and benefits in kind(1)	Bonuses	Share-based payments(2)	Pension scheme contributions	Other benefits	Other payments(3)	Total
Year ended 31 December 2023								
Executive Director								
Mr. Lee Yuan Siong(4)	**–**	**1,716,746**	**5,029,000**	**4,819,618**	**70,224**	**–**	**1,785,500**	**13,421,088**
Total	**–**	**1,716,746**	**5,029,000**	**4,819,618**	**70,224**	**–**	**1,785,500**	**13,421,088**

US$	Director's fees	Salaries, allowances and benefits in kind(1)	Bonuses	Share-based payments(2)	Pension scheme contributions	Other benefits	Other payments(3)	Total
Year ended 31 December 2022								
Executive Director								
Mr. Lee Yuan Siong(4)	–	1,680,096	2,820,000	5,272,695	67,829	–	3,673,130	13,513,750
Total	–	1,680,096	2,820,000	5,272,695	67,829	–	3,673,130	13,513,750

Notes:

(1) Includes non-cash benefits for housing, medical and life insurance, club and professional membership, company car and perquisites.

(2) Includes amortised expenses for unvested SOs, RSUs and matching shares under ESPP based on the fair value at the respective grant dates.

(3) This represents amortised expenses in relation to the awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employments.

(4) Mr. Lee Yuan Siong is currently the Group Chief Executive and President of the Company. He receives his remuneration exclusively for his role as Group Chief Executive and President of the Company and receives no separate fees for his role as a director of the Company or for acting as a director of any subsidiary of the Company.

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Directors' remuneration (continued)

The remuneration of Independent Non-executive Directors of the Company at 31 December 2023 and 31 December 2022 are included in the tables below:

US$	Director's fees[1]	Salaries, allowances and benefits in kind[2]	Bonuses	Share-based payments	Pension scheme contribution	Other benefits	Other payments	Total
Year ended 31 December 2023								
Independent Non-executive Directors								
Mr. Edmund Sze-Wing Tse	**860,000**	**146,721**	**–**	**–**	**–**	**–**	**–**	**1,006,721**
Mr. Jack Chak-Kwong So	**330,000**	**–**	**–**	**–**	**–**	**–**	**–**	**330,000**
Mr. Chung-Kong Chow	**288,356**	**–**	**–**	**–**	**–**	**–**	**–**	**288,356**
Mr. John Barrie Harrison	**350,000**	**–**	**–**	**–**	**–**	**–**	**–**	**350,000**
Mr. George Yong-Boon Yeo	**355,000**	**–**	**–**	**–**	**–**	**–**	**–**	**355,000**
Professor Lawrence Juen-Yee Lau	**280,000**	**–**	**–**	**–**	**–**	**–**	**–**	**280,000**
Ms. Swee-Lian Teo[3]	**216,370**	**–**	**–**	**–**	**–**	**–**	**–**	**216,370**
Dr. Narongchai Akrasanee[4]	**396,685**	**–**	**–**	**–**	**–**	**–**	**–**	**396,685**
Mr. Cesar Velasquez Purisima	**355,000**	**–**	**–**	**–**	**–**	**–**	**–**	**355,000**
Ms. Sun Jie (Jane)	**330,000**	**–**	**–**	**–**	**–**	**–**	**–**	**330,000**
Ms. Mari Elka Pangestu[5]	**120,986**	**–**	**–**	**–**	**–**	**–**	**–**	**120,986**
Mr. Ong Chong Tee[6]	**120,986**	**–**	**–**	**–**	**–**	**–**	**–**	**120,986**
Ms. Nor Shamsiah Mohd Yunus[7]	**67,068**	**–**	**–**	**–**	**–**	**–**	**–**	**67,068**
Total	**4,070,451**	**146,721**	**–**	**–**	**–**	**–**	**–**	**4,217,172**

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Directors' remuneration (continued)

US$	Director's fees[(1)]	Salaries, allowances and benefits in kind[(2)]	Bonuses	Share-based payments	Pension scheme contribution	Other benefits	Other payments	Total
Year ended 31 December 2022								
Independent Non-executive Directors								
Mr. Edmund Sze-Wing Tse	860,000	152,016	–	–	–	–	–	1,012,016
Mr. Jack Chak-Kwong So	330,000	–	–	–	–	–	–	330,000
Mr. Chung-Kong Chow	280,000	–	–	–	–	–	–	280,000
Mr. John Barrie Harrison	350,000	–	–	–	–	–	–	350,000
Mr. George Yong-Boon Yeo	355,000	–	–	–	–	–	–	355,000
Professor Lawrence Juen-Yee Lau	280,000	–	–	–	–	–	–	280,000
Ms. Swee-Lian Teo[(3)]	325,000	–	–	–	–	–	–	325,000
Dr. Narongchai Akrasanee[(4)]	390,000	–	–	–	–	–	–	390,000
Mr. Cesar Velasquez Purisima	355,000	–	–	–	–	–	–	355,000
Ms. Sun Jie (Jane)	292,767	–	–	–	–	–	–	292,767
Total	3,817,767	152,016	–	–	–	–	–	3,969,783

Notes:

(1) Save as disclosed below, all Directors receive the fees for their role as a director of the Company and not for acting as a director of any subsidiary of the Company.

(2) Includes non-cash benefits for housing, club and professional membership, medical insurance and company car.

(3) Ms. Swee-Lian Teo retired as Independent Non-executive Director of the Company with effect from 1 September 2023.

(4) US$100,000 (2022: US$100,000) represented remuneration to Dr. Narongchai Akrasanee in respect of his services as Chairman of Advisory Board of AIA Thailand for the year ended 31 December 2023 included in his fees stated above.

(5) Ms. Mari Elka Pangestu was appointed as Independent Non-executive Director of the Company with effect from 1 July 2023.

(6) Mr. Ong Chong Tee was appointed as Independent Non-executive Director of the Company with effect from 1 July 2023.

(7) Ms. Nor Shamsiah Mohd Yunus was appointed as Independent Non-executive Director of the Company with effect from 21 September 2023.

Remuneration of five highest-paid individuals

The aggregate remuneration of the five highest-paid individuals employed by the Group in each of the years ended 31 December 2023 and 31 December 2022 is presented in the table below.

US$	Director's fees	Salaries, allowances and benefits in kind[(1)]	Bonuses	Share-based payments[(2)]	Pension scheme contribution	Other benefits	Other payments[(3)]	Total
Year ended								
31 December 2023	**–**	**5,898,388**	**10,372,280**	**12,352,364**	**369,727**	**–**	**1,785,500**	**30,778,259**
31 December 2022	–	5,377,073	4,982,273	12,275,886	317,109	–	6,623,926	29,576,267

Notes:

(1) Benefits in the years ended 31 December 2023 and 31 December 2022 include housing, medical and life insurance, children's education, club and professional membership, company car and perquisites.

(2) Includes amortised expenses for unvested SOs, RSUs and matching shares under ESPP to the five highest-paid individuals based on the fair value at the respective grant dates.

(3) Includes amortised expenses in relation to the awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employments.

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Remuneration of five highest-paid individuals (continued)

The emoluments of the five individuals with the highest emoluments are within the following bands:

HK$	Year ended 31 December 2023	Year ended 31 December 2022
25,000,001 to 25,500,000	**–**	1
27,500,001 to 28,000,000	**–**	1
28,500,001 to 29,000,000	**1**	–
29,000,001 to 29,500,000	**1**	–
30,000,001 to 30,500,000	**1**	–
31,500,001 to 32,000,000	**–**	1
41,000,001 to 41,500,000	**–**	1
47,500,001 to 48,000,000	**1**	–
105,000,001 to 105,500,000	**1**	–
105,500,001 to 106,000,000	**–**	1

Key management personnel remuneration

Key management personnel have been identified as the members of the Group's Executive Committee.

US$	Year ended 31 December 2023	Year ended 31 December 2022
Key management compensation and other expenses		
Salaries and other short-term employee benefits	**30,273,575**	22,150,292
Post-employment benefits	**631,999**	623,561
Share-based payments[1]	**19,053,974**	20,966,295
Termination payments or benefits	**–**	2,950,796
Total	**49,959,548**	46,690,944

Note:

(1) Includes amortised expenses for unvested SOs, RSUs and matching shares under ESPP to the key management personnel based on the fair value at the respective grant dates.

The emoluments of the key management personnel are within the following bands:

US$	Year ended 31 December 2023	Year ended 31 December 2022
Below 1,000,000	**–**	–
1,000,001 to 2,000,000	**1**	–
2,000,001 to 3,000,000	**4**	7
3,000,001 to 4,000,000	**5**	2
4,000,001 to 5,000,000	**–**	1
5,000,001 to 6,000,000	**–**	1
6,000,001 to 7,000,000	**1**	–
Over 10,000,000	**1**	1

38. RELATED PARTY TRANSACTIONS

Remuneration of Directors and key management personnel is disclosed in note 37.

39. COMMITMENTS AND CONTINGENCIES

Investment and capital commitments

US$m	As at 31 December 2023	As at 31 December 2022
Not later than one year	**17,624**	14,962
Later than one and not later than five years	**123**	105
Total	**17,747**	15,067

Investment and capital commitments consist of commitments to invest in private equity partnerships and other assets.

Contingencies

The Group is subject to regulation in each of the geographical markets in which it operates from insurance, securities, capital markets, pension, data privacy and other regulators and is exposed to the risk of regulatory actions in response to perceived or actual non-compliance with regulations relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. The Group believes that these matters have been adequately provided for in these financial statements.

The Group is exposed to legal proceedings, complaints and other actions from its activities including those arising from commercial activities, sales practices, suitability of products, policies, claims and taxes. The Group believes that these matters are adequately provided for in these financial statements.

The Group operates in many jurisdictions across Asia and in certain of those jurisdictions, the Group's interpretation of the relevant law or regulation may differ from that of the tax authorities, which can result in disputes arising. The Group has made provisions to cover the potential tax implications, based on management's judgement and best estimate in relation to the probability or likelihood of the potential outcomes, which is subject to periodic reassessment. Due to the uncertainty associated with these items, there remains a possibility that the final outcomes may differ on conclusion of the relevant tax matters at a future date.

40. SUBSIDIARIES

The following is a list of AIA's directly and indirectly held principal operating subsidiaries which materially contribute to the net income of the Group or hold a material element of its assets and liabilities:

Name of entity	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December 2023 Group's interest %	As at 31 December 2023 NCI's interest %	As at 31 December 2022 Group's interest %	As at 31 December 2022 NCI's interest %
AIA Company Limited[1]	Hong Kong	Insurance	2,596,049,861 ordinary shares of US$11,390,584,182 issued share capital	**100%**	**–**	100%	–
AIA Australia Limited	Australia	Insurance	2,125,462,500 ordinary shares of A$2,207,267,000 issued share capital	**100%**	**–**	100%	–
AIA Bhd.	Malaysia	Insurance	191,859,543 ordinary shares of RM810,000,000 issued share capital	**100%**	**–**	100%	–
AIA Life Insurance Company Limited	Mainland China	Insurance	Registered share capital of RMB3,777,399,440	**100%**	**–**	100%	–
AIA Philippines Life and General Insurance Company Inc.	Philippines	Insurance	199,560,671 ordinary shares of PHP10 each and 67,349,329 treasury shares	**100%**	**–**	100%	–
BPI AIA Life Assurance Corporation	Philippines	Insurance	749,993,979 ordinary shares of PHP1 each and 6,000 treasury shares	**51%**	**49%**	51%	49%
AIA Singapore Private Limited	Singapore	Insurance	1,558,021,163 ordinary shares of S$1 each	**100%**	**–**	100%	–
AIA Everest Life Company Limited	Hong Kong	Insurance	500,000,000 ordinary shares of HK$2,496,291,000 issued share capital	**100%**	**–**	100%	–
AIA International Limited	Bermuda	Insurance	6,500,000 ordinary shares of US$1.20 each	**100%**	**–**	100%	–
PT. AIA Financial	Indonesia	Insurance	1,910,844,141 ordinary shares of Rp1,000 each	**100%**	**–**	100%	–
AIA (Vietnam) Life Insurance Company Limited	Vietnam	Insurance	Contributed capital of VND8,724,420,000,000	**100%**	**–**	100%	–
Bayshore Development Group Limited	British Virgin Islands	Investment holding company	100 ordinary shares of US$1 each	**90%**	**10%**	90%	10%
AIA Life Insurance Co. Ltd.	South Korea	Insurance	60,328,932 ordinary shares of KRW603,289,320,000 issued share capital	**100%**	**–**	100%	–
AIA New Zealand Limited	New Zealand	Insurance	248,217,572 ordinary shares of NZD863,709,199 issued share capital	**100%**	**–**	100%	–
AIA Reinsurance Limited	Bermuda	Reinsurance	250,000 common shares of US$1 each	**100%**	**–**	100%	–

Notes:
(1) The Company's subsidiary.
(2) All of the above subsidiaries are audited by PricewaterhouseCoopers.

All subsidiaries are unlisted.

41. EVENTS AFTER THE REPORTING PERIOD

On 14 March 2024, a Committee appointed by the Board of Directors proposed a final dividend of 119.07 Hong Kong cents per share (2022: final dividend of 113.40 Hong Kong cents per share).

42. DISPOSAL GROUP HELD FOR SALE

On 24 February 2022, the Group announced it had entered into an agreement to sell its Australian S&I business to Resolution Life Australasia Limited. The Australian S&I business was a constituent part of the businesses that transferred to AIA Australia following the acquisition of The Colonial Mutual Life Assurance Society Limited from Commonwealth Bank of Australia. The assets and liabilities of the Australian S&I business were classified as assets in disposal group held for sale and liabilities in disposal group held for sale in the consolidated statement of financial position, contributed by the Australia operating segment. The transaction was completed with statutory transfer approved by the Federal Court of Australia, effective on 1 July 2023.

42. DISPOSAL GROUP HELD FOR SALE (continued)

At 31 December 2022, the assets and liabilities in disposal group held for sale were stated at the lower of its carrying amount and fair value less costs to sell. The assets and liabilities in disposal group held for sale as at 31 December 2022 are summarised below.

US$m	Notes	As at 31 December 2022 (Excluding disposal group)	Assets and liabilities in disposal group	As at 31 December 2022 (Including disposal group)
Assets				
Intangible assets	14	3,277	–	3,277
Investments in associates and joint ventures	15	2,056	–	2,056
Property, plant and equipment	16	2,844	–	2,844
Investment property	17	4,600	–	4,600
Insurance contract assets	24	2,037	–	2,037
Reinsurance contract assets	24	5,763	–	5,763
Financial investments:	18, 20			
At amortised cost				
Debt securities		1,787	–	1,787
Loans and deposits		4,566	–	4,566
At fair value through other comprehensive income				
Debt securities		86,060	37	86,097
At fair value through profit or loss				
Debt securities		77,496	831	78,327
Loans and deposits		279	–	279
Equity shares		23,378	2,313	25,691
Interests in investment funds and exchangeable loan notes		38,577	–	38,577
Derivative financial instruments	19	568	62	630
		232,711	3,243	235,954
Deferred tax assets	11	229	25	254
Current tax recoverable		117	9	126
Other assets	21	4,524	67	4,591
Cash and cash equivalents	22	8,020	949	8,969
Assets in disposal group held for sale		4,293	(4,293)	–
Total assets		270,471	–	270,471
Liabilities				
Insurance contract liabilities	24	181,851	1,048	182,899
Reinsurance contract liabilities	24	384	22	406
Investment contract liabilities	25	9,092	2,894	11,986
Borrowings	26	11,206	–	11,206
Obligations under repurchase agreements	27	1,748	–	1,748
Derivative financial instruments	19	8,638	101	8,739
Provisions	29	153	–	153
Deferred tax liabilities	11	3,409	1	3,410
Current tax liabilities		467	–	467
Other liabilities	30	4,264	45	4,309
Liabilities in disposal group held for sale		4,111	(4,111)	–
Total liabilities		225,323	–	225,323

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 2 to all periods presented in these consolidated financial statements. The Group has adopted IFRS 9, IFRS 17 and amendment to IAS 16, including any consequential amendments to other standards, with a date of initial adoption of 1 January 2023. The following table set out the impact of initial adoption of these standards on the Group's equity at 1 January 2022.

US$m	As at 31 December 2021 (As previously reported)	Impact upon initial adoption of IFRS 9, IFRS 17 and amendment to IAS 16	As at 1 January 2022 (restated)
Equity			
Share capital	14,160	–	14,160
Employee share-based trusts	(225)	–	(225)
Other reserves	(11,841)	–	(11,841)
Retained earnings	49,984	(987)	48,997
Fair value reserve	8,407	(1,766)	6,641
Foreign currency translation reserve	(1,068)	–	(1,068)
Insurance finance reserve	–	(1,895)	(1,895)
Property revaluation reserve	1,069	148	1,217
Others	(19)	56	37
Amounts reflected in other comprehensive income	8,389	(3,457)	4,932
Total equity attributable to:			
Shareholders of AIA Group Limited	60,467	(4,444)	56,023
Non-controlling interests	467	17	484
Total equity	60,934	(4,427)	56,507

IFRS 17 Insurance Contracts

Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts held and investment contracts with DPF. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are excluded from insurance revenue and insurance service expenses.

The Group no longer applies shadow accounting to insurance-related assets and liabilities.

Insurance finance income or expenses, disaggregated between profit or loss and other comprehensive income for the relevant business in participating funds and other participating business with distinct portfolios, other policyholder and shareholder and unit-linked funds, are presented separately from insurance revenue and insurance service expenses.

The Group applies the premium allocation approach to simplify the measurement of certain contracts. When measuring liabilities for remaining coverage, the premium allocation approach is similar to the Group's previous accounting treatment; however, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk, as appropriate.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 17 Insurance Contracts (continued)

Recognition, measurement and presentation of insurance contracts (continued)

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts (deferred acquisition costs) and are subsequently amortised over the expected life of the contracts. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented as part of the carrying amount of the related portfolio of contracts and are subsequently derecognised when respective groups of contracts are recognised and hence included in the CSM measurement of that group.

Income and expenses from reinsurance contracts held other than insurance finance income or expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance contracts and reinsurance contracts held under IFRS 17, see note 2.3.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Group:

- identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment in note 2.3.5 was not applied before 1 January 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included deferred acquisition costs for insurance contracts, insurance receivables and payables, policy loans and its accrued interest revenue and provisions that are attributable to existing insurance contracts, etc. Under IFRS 17, these are included in the measurement of the insurance contracts;
- recognised any resulting net difference in equity. The carrying amount of goodwill from previous business combinations was not adjusted.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 17 Insurance Contracts (continued)

Transition (continued)

Insurance contracts and reinsurance contracts held

For certain groups of contracts, the Group applied the modified retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at 1 January 2022 because it was impracticable to apply the full retrospective approach.

The Group considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances.

– The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

– The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight, the application of full retrospective approach is considered as impracticable if such assumptions and estimates were not determinable.

Irrespective of the transition approach used, the following items have not been applied retrospectively.

– When the Group uses derivatives to mitigate the financial risk from interest rate guarantees in traditional participating contracts and equity guarantees in variable annuity contracts, the option to exclude changes in the effect of that financial risk from the CSM has not been applied for periods before 1 January 2023.

– The consequential amendments to IFRS 3, *Business Combinations* introduced by IFRS 17 require the Group to classify contracts acquired as insurance contracts based on the contractual terms and other factors at the date of acquisition. This requirement was not applied to business combinations before 1 January 2023, for which the Group classified contracts acquired as insurance contracts based on the conditions at contract inception.

To indicate the effect of applying the modified retrospective approach or the fair value approach on the CSM, insurance revenue and insurance finance income or expenses, the Group has provided additional disclosures in notes 2.3.9, 8, 9 and 24.

Assets for insurance acquisition cash flows

The Group also applied the modified retrospective approach or the fair value approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 1 January 2022.

It was impracticable to apply the full retrospective approach because:

– data had not been collected with sufficient granularity;

– information required to identify fixed and variable overheads as relating to acquisition activities and to allocate them to groups of contracts was not available; or

– original assumptions about the manner in which the Group would have expected insurance acquisition cash flows to be recovered, which were required to allocate them to renewals, could not be made without the use of hindsight.

Effect of initial adoption

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments

Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available for sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For explanations of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see note 2.5.

IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities and hedge accounting.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, debt securities at fair value through other comprehensive income, trade receivables and lease receivables. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see note 2.5.3).

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The comparative period has been restated. As permitted under IFRS 17, the Group has elected to apply classification overlay in the comparative period presented. The classification overlay has been applied to all financial assets that had been derecognised before 1 January 2023 based on how those assets are expected to be classified on initial adoption of IFRS 9. In applying the classification overlay to financial assets derecognised during the comparative period, the Group has applied the impairment requirements of IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.
- If an investment in a debt security had low credit risk at 1 January 2023, then the Group determined that the credit risk on the asset had not increased significantly since initial recognition.

As permitted by IFRS 7, the Group has not disclosed information about the line item amounts that are reported in accordance with the classification and measurement (including impairment) requirements of IFRS 9 for 2022 and those that would have been reported in accordance with the classification and measurement requirements of IAS 39 for 2023.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments (continued)

Effect of initial adoption

Classification of financial assets and financial liabilities

The following table shows the original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities.

US$m	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 as at 31 December 2022	New carrying amount under IFRS 9 as at 1 January 2023
Financial assets				
Debt securities	FVTPL	FVTPL (mandatory)	6,802	6,802
Debt securities	Available for sale	FVTPL (mandatory)	680	680
Debt securities	FVTPL	FVTPL (designated)	28,634	28,634
Debt securities	Available for sale	FVTPL (designated)	42,211	42,211
Debt securities	FVTPL	FVOCI	1,226	1,226
Debt securities	Available for sale	FVOCI	84,871	84,871
Debt securities	Available for sale	Amortised cost	1,519	1,787
Loans and deposits	Loans and receivables	Amortised cost	4,582	4,566
Loans and deposits	Loans and receivables	FVTPL (designated)	250	279
Equity shares	FVTPL	FVTPL (mandatory)	25,691	25,691
Interests in investment funds and exchangeable loan notes	FVTPL	FVTPL (mandatory)	38,577	38,577
Derivative assets	FVTPL	FVTPL (mandatory)	630	630
Accrued investment income	Loans and receivables	Amortised cost	1,752	1,752
Receivables	Loans and receivables	Amortised cost	1,743	1,718
Cash and cash equivalents	Loans and receivables	FVTPL (mandatory)	2,248	2,248
Cash and cash equivalents	Loans and receivables	Amortised cost	6,721	6,721
Total financial assets			248,137	248,393
Financial liabilities				
Investment contract liabilities[(1)]	FVTPL	FVTPL (designated)	9,441	9,441
Investment contract liabilities[(1)]	Not applicable	FVTPL (designated)	–	2,015
Investment contract liabilities[(1)]	Amortised cost	Amortised cost	530	530
Borrowings	Amortised cost	Amortised cost	11,206	11,206
Obligations under repurchase agreements	Amortised cost	Amortised cost	1,748	1,748
Derivative liabilities	FVTPL	FVTPL (mandatory)	8,739	8,739
Trade and other payables	Amortised cost	Amortised cost	2,913	2,913
Trade and other payables	Not applicable	Amortised cost	–	137
Third-party interests in consolidated investment funds	FVTPL	FVTPL (designated)	865	865
Total financial liabilities			35,442	37,594

Note:

(1) For the purpose of consistency in preparation of the investment contract liabilities to the statement of financial position, the balance includes US$230m of deferred fee income that are not carried at FVTPL.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments (continued)

Effect of initial adoption (continued)

Classification of financial assets and financial liabilities (continued)

The Group's accounting policies on the classification of financial instruments under IFRS 9 are set out in note 2.5. The application of these policies resulted in the reclassifications set out in the table above and explained below.

a. Under IAS 39, certain debt securities were designated as at fair value through profit or loss because the Group managed them on a fair value basis or such designation eliminates or significantly reduces a measurement or recognition inconsistency. Under IFRS 9, these assets are mandatorily measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets or their contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

b. Under IAS 39, certain debt securities that were classified as available for sale financial assets; under IFRS 9, a portion of these assets are mandatorily measured at fair value through profit or loss either because their contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding or they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Some of these debt securities are designated as at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise, while others are classified as fair value through other comprehensive income based on the criteria in IFRS 9.

c. There are some debt securities being designated as at fair value through profit or loss under IAS 39. The Group has revoked the designation to measure them at fair value through profit or loss upon the adoption of IFRS 9 because there is no longer a significant accounting mismatch arising from the securities as a result of adoption of IFRS 17. These assets are classified as fair value through other comprehensive income based on the criteria in IFRS 9.

d. Certain debt securities that were classified as available for sale under IAS 39 are held within a business model whose objective is to hold assets to collect the contractual cash flows and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, these assets are measured at amortised cost under IFRS 9.

e. Under IAS 39, equity shares, interests in investment funds and exchangeable loan notes were designated as at fair value through profit or loss because they are managed on a fair value basis. Under IFRS 9, these assets are mandatorily measured at fair value through profit or loss because they do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and the Group has not elected to measure them at fair value through other comprehensive income.

f. Certain cash equivalents that were classified as loans and receivables under IAS 39 are mandatorily measured at fair value through profit or loss under IFRS 9 because the contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

g. Certain financial assets and liabilities recognised upon the adoption of IFRS 9 are designated at FVTPL because such designation eliminates or significantly reduces measurement inconsistency.

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments (continued)

Effect of initial adoption (continued)

Classification of financial assets and financial liabilities (continued)

There are no changes in carrying amounts of equity shares, interests in investment funds, exchangeable loan notes, derivative assets and financial liabilities except for investment contract liabilities at fair value through profit or loss and payables under IAS 39 to the carrying amounts under IFRS 9. The following table reconciles the carrying amounts of other financial assets, investment contract liabilities at fair value through profit or loss and payables that there are reclassifications and/or remeasurement on transition to IFRS 9 on 1 January 2023.

US$m	31 December 2022 IAS 39	Reclassification	Remeasurement	1 January 2023 IFRS 9
Financial assets				
Financial assets measured at fair value through profit or loss				
Debt securities				
Brought forward	36,662	–	–	–
Reclassified from available for sale	–	42,891	–	–
Reclassified to fair value through other comprehensive income	–	(1,226)	–	–
Carried forward	–	–	–	78,327
Loans and deposits				
Brought forward	–	–	–	–
Reclassified from amortised cost	–	250	–	–
Remeasurement	–	–	29	–
Carried forward	–	–	–	279
Cash and cash equivalents				
Brought forward	–	–	–	–
Reclassified from amortised cost	–	2,248	–	–
Carried forward	–	–	–	2,248
Total financial assets measured at fair value through profit or loss	36,662	44,163	29	80,854
Debt securities measured at fair value through other comprehensive income				
Debt securities				
Reclassified from fair value through profit or loss	–	1,226	–	–
Reclassified from available for sale	–	84,871	–	–
Carried forward	–	–	–	86,097
Total debt securities measured at fair value through other comprehensive income	–	86,097	–	86,097
Available for sale debt securities				
Brought forward	129,281	–	–	–
Reclassified to fair value through other comprehensive income	–	(84,871)	–	–
Reclassified to fair value through profit or loss	–	(42,891)	–	–
Reclassified to amortised cost	–	(1,519)	–	–
Total available for sale debt securities	129,281	(129,281)	–	–

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments (continued)

Effect of initial adoption (continued)

Classification of financial assets and financial liabilities (continued)

US$m	31 December 2022 IAS 39	Reclassification	Remeasurement	1 January 2023 IFRS 9
Financial assets measured at amortised cost				
Debt securities				
Reclassified from available for sale	–	1,519	–	–
Remeasurement	–	–	268	–
Carried forward	–	–	–	1,787
Loans and deposits				
Brought forward: Loans and receivables	4,832	–	–	–
Reclassified to fair value through profit or loss	–	(250)	–	–
Remeasurement	–	–	(16)	–
Carried forward	–	–	–	4,566
Accrued investment income				
Brought forward: Loans and receivables	1,752	–	–	–
Carried forward	–	–	–	1,752
Receivables				
Brought forward: Loans and receivables	1,743	–	–	–
Remeasurement	–	–	(25)	–
Carried forward	–	–	–	1,718
Cash and cash equivalents				
Brought forward: Loans and receivables	8,969	–	–	–
Reclassified to fair value through profit or loss	–	(2,248)	–	–
Carried forward	–	–	–	6,721
Total financial assets measured at amortised cost	17,296	(979)	227	16,544
Financial liabilities				
Investment contract liabilities measured at fair value through profit or loss				
Investment contract liabilities				
Brought forward	9,441	–	–	–
Recognised on transition to IFRS 17	–	–	2,015	–
Carried forward	–	–	–	11,456
Total investment contract liabilities measured at fair value through profit or loss	9,441	–	2,015	11,456
Trade and other payables measured at amortised cost				
Trade and other payables				
Brought forward	2,913	–	–	–
Recognised on transition to IFRS 17	–	–	137	–
Carried forward	–	–	–	3,050
Total trade and other payables measured at amortised cost	2,913	–	137	3,050

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

IFRS 9 Financial Instruments (continued)

Effect of initial adoption (continued)

Classification of financial assets and financial liabilities (continued)

The following table summarises the effects of the reclassification of (i) debt securities measured at fair value through profit or loss to fair value through other comprehensive income category and (ii) debt securities reclassified to amortised cost category as a result of the transition to IFRS 9.

Reclassification from FVTPL to FVOCI

US$m	2023
Fair value at 31 December	**1,002**
Fair value losses that would have been recognised in the profit or loss during the year if the financial asset had not been reclassified	**(8)**
Effective interest rate determined on 1 January	**3.8%**
Interest revenue recognised	**49**

Reclassifications to amortised cost

US$m	2023
From available for sale	
Fair value at 31 December	**1,443**
Fair value losses that would have been recognised in the profit or loss during the year if the financial asset had not been reclassified	**(2)**
Fair value gains that would have been recognised in the other comprehensive income during the year if the financial asset had not been reclassified	**17**

Impairment of financial assets

The following table reconciles the closing impairment allowance in accordance with IAS 39 as at 31 December 2022 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2023.

US$m	31 December 2022 IAS 39	Reclassification	Remeasurement	1 January 2023 IFRS 9
Debt securities at FVOCI under IFRS 9:				
from available for sale under IAS 39	78	–	222	300
Financial assets at amortised cost under IFRS 9:				
from loans and receivables under IAS 39	11	–	41	52
from available for sale under IAS 39	–	–	6	6
	89	–	269	358

43. EFFECTS OF ADOPTION OF IFRS 9, IFRS 17 AND AMENDMENT TO IAS 16 (continued)

Amendment to IAS 16 Property, Plant and Equipment

At the same time as IFRS 17 was issued, an amendment was made to IAS 16 to allow for measuring own used properties using the fair value model. On adoption of IFRS 17, the Group applied this election and changed its accounting policy for measuring its own used properties that are solely held as underlying items of insurance contracts with direct participation features from revaluation model to fair value model to reduce accounting mismatches with that for the corresponding insurance contracts. As a result of this change, which was adopted on a retrospective basis, revaluation gains on property held for own use that have been accumulated in other comprehensive income of US$221m at 1 January 2022 was reclassified from property revaluation reserve to retained earnings. For the year ended 31 December 2023, net fair value losses of property held for own use measured at fair value model of US$50m (2022: net fair value losses of property held for own use measured at fair value model of US$6m) was included in other investment return in the consolidated income statement.

Impact on earnings per share

Upon the initial adoption of IFRS 9 and IFRS 17, together with the amendment to IAS 16, the impact to basic and diluted earnings per share is as follows.

US cents	Year ended 31 December 2022 (As previously reported)	Impact of changes in accounting policies	Year ended 31 December 2022 (restated)
Net profit per share			
Basic	2.36	25.56	27.92
Diluted	2.36	25.54	27.90
Operating profit after tax per share			
Basic	53.40	0.43	53.83
Diluted	53.36	0.43	53.79

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

US$m	As at 31 December 2023	As at 31 December 2022
Assets		
Investment in subsidiaries at cost(2)	**22,506**	21,580
Financial investments:		
At fair value through other comprehensive income		
Debt securities(3)	**3,970**	7,151
At fair value through profit or loss		
Interests in investment funds(2)	**502**	2,156
Derivative financial instruments	**57**	1
	4,529	9,308
Loans to/amounts due from subsidiaries	**895**	886
Other assets	**126**	40
Promissory notes from subsidiaries(4)	**–**	63
Cash and cash equivalents	**3,668**	1,298
Total assets	**31,724**	33,175
Liabilities		
Borrowings	**12,257**	11,799
Derivative financial instruments	**42**	1
Other liabilities	**261**	109
Total liabilities	**12,560**	11,909
Equity		
Share capital	**14,176**	14,171
Employee share-based trusts	**(367)**	(290)
Other reserves	**390**	351
Retained earnings	**4,853**	6,990
Amounts reflected in other comprehensive income	**112**	44
Total equity	**19,164**	21,266
Total liabilities and equity	**31,724**	33,175

Notes:

(1) The financial information of the Company should be read in conjunction with the consolidated financial statements of the Group.

(2) The Company's interests in investment funds such as mutual funds and unit trusts, including funds controlled by the Group, are measured at fair value through profit or loss. Interests in other entities controlled by the Group are measured at cost, unless impaired, and presented as investment in subsidiaries at cost. Interests in investment funds include US$494m (2022: US$833m) comprising the combined value of debt securities held by an investment fund controlled by the Group and interests in an external fixed income fund. Fixed income fund refers to the investment fund solely investing in fixed income instruments and cash equivalents, where investors of the fund own a pro-rata share of economic interests of the fund according to the number of shares or units they own of the fund. Investment fund may use derivatives for hedging purpose.

(3) Includes United States Treasury securities of US$2,112m (2022: US$4,914m) and China Government bonds of US$1,858m (2022: US$2,237m) as at 31 December 2023.

(4) The promissory notes from subsidiaries are repayable on demand.

Approved and authorised for issue by the Board of Directors on 14 March 2024.

Lee Yuan Siong
Director

Edmund Sze-Wing Tse
Director

45. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Amounts reflected in other comprehensive income	Total equity
Balance at 1 January 2023	**14,171**	**(290)**	**351**	**6,990**	**44**	**21,266**
Net profit	**–**	**–**	**–**	**3,793**	**–**	**3,793**
Fair value gains on debt securities at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**132**	**132**
Fair value gains on debt securities at fair value through other comprehensive income transferred to profit or loss on disposal	**–**	**–**	**–**	**–**	**(64)**	**(64)**
Dividends	**–**	**–**	**–**	**(2,293)**	**–**	**(2,293)**
Share buy-back	**–**	**–**	**–**	**(3,637)**	**–**	**(3,637)**
Shares issued under share option scheme and agency share purchase plan	**5**	**–**	**–**	**–**	**–**	**5**
Share-based compensation	**–**	**–**	**77**	**–**	**–**	**77**
Purchase of shares held by employee share-based trusts	**–**	**(115)**	**–**	**–**	**–**	**(115)**
Transfer of vested shares from employee share-based trusts	**–**	**38**	**(38)**	**–**	**–**	**–**
Balance at 31 December 2023	**14,176**	**(367)**	**390**	**4,853**	**112**	**19,164**

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Amounts reflected in other comprehensive income	Total equity
Balance at 1 January 2022	14,160	(225)	309	9,519	125	23,888
Net profit	–	–	–	3,300	–	3,300
Fair value losses on debt securities at fair value through other comprehensive income	–	–	–	–	(222)	(222)
Fair value losses on debt securities at fair value through other comprehensive income transferred to profit or loss on disposal	–	–	–	–	141	141
Dividends	–	–	–	(2,259)	–	(2,259)
Share buy-back	–	–	–	(3,570)	–	(3,570)
Shares issued under share option scheme and agency share purchase plan	11	–	–	–	–	11
Share-based compensation	–	–	80	–	–	80
Purchase of shares held by employee share-based trusts	–	(103)	–	–	–	(103)
Transfer of vested shares from employee share-based trusts	–	38	(38)	–	–	–
Balance at 31 December 2022	14,171	(290)	351	6,990	44	21,266

APPENDIX II

REPRODUCTION OF THE GUARANTOR'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The information set out below is a reproduction of the Guarantor's audited consolidated financial statements for the year ended 31 December 2023.

6.1 CONSOLIDATED FINANCIAL STATEMENTS

The amounts for 2022 have been restated (identified by a "R") following the first retrospective application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" by the insurance subsidiaries (see Note 1).

6.1.1 CONSOLIDATED BALANCE SHEET – ASSETS

(In EUR m)		31.12.2023	31.12.2022 R	01.01.2022 R
Cash, due from central banks		223,048	207,013	179,969
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	495,882	427,151	446,717
Hedging derivatives	Notes 3.2 and 3.4	10,585	32,971	13,592
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	90,894	92,960	112,695
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	28,147	26,143	24,149
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	77,879	68,171	57,204
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	485,449	506,635	497,233
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(433)	(2,262)	131
Insurance and reinsurance contracts assets	Note 4.3	459	353	380
Tax assets	Note 6	4,717	4,484	4,747
Other assets	Note 4.4	69,765	82,315	90,045
Non-current assets held for sale	Note 2.5	1,763	1,081	27
Investments accounted for using the equity method		227	146	95
Tangible and intangible fixed assets	Note 8.3	60,714	33,958	32,848
Goodwill	Note 2.2	4,949	3,781	3,741
TOTAL		**1,554,045**	**1,484,900**	**1,463,573**

6.1.2 CONSOLIDATED BALANCE SHEET – LIABILITIES

(In EUR m)		31.12.2023	31.12.2022 R	01.01.2022 R
Due to central banks		9,718	8,361	5,152
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	375,584	304,175	311,703
Hedging derivatives	Notes 3.2 and 3.4	18,708	46,164	10,425
Debt securities issued	Notes 3.6 and 3.9	160,506	133,176	135,324
Due to banks	Notes 3.6 and 3.9	117,847	133,011	139,177
Customer deposits	Notes 3.6 and 3.9	541,677	530,764	509,133
Revaluation differences on portfolios hedged against interest rate risk	Note 3.2	(5,857)	(9,659)	2,832
Tax liabilities	Note 6	2,402	1,645	1,573
Other liabilities	Note 4.4	93,658	107,315	105,973
Non-current liabilities held for sale	Note 2.5	1,703	220	1
Insurance contracts related liabilities	Note 4.3	141,723	135,875	150,562
Provisions	Note 8.2	4,235	4,579	4,850
Subordinated debts	Note 3.9	15,894	15,948	15,959
TOTAL LIABILITIES		**1,477,798**	**1,411,574**	**1,392,664**
SHAREHOLDER'S EQUITY				
Shareholders' equity, Group share				
Issued common stocks and capital reserves	Note 7.1	21,186	21,248	21,913
Other equity instruments		8,924	9,136	7,534
Retained earnings		32,891	33,816	36,624
Net income		2,493	1,825	-
SUB-TOTAL		**65,494**	**66,025**	**66,071**
Unrealised or deferred capital gains and losses	Note 7.3	481	945	(973)
SUB-TOTAL EQUITY, GROUP SHARE		**65,975**	**66,970**	**65,098**
Non-controlling interests		10,272	6,356	5,811
TOTAL EQUITY		**76,247**	**73,326**	**70,909**
TOTAL		**1,554,045**	**1,484,900**	**1,463,573**

6.1.3 CONSOLIDATED INCOME STATEMENT

(In EUR m)		2023	2022 R
Interest and similar income[1]	Note 3.7	53,087	30,738
Interest and similar expense	Note 3.7	(42,777)	(17,897)
Fee income	Note 4.1	10,063	9,400
Fee expense	Note 4.1	(4,475)	(4,183)
Net gains and losses on financial transactions[1]		10,290	866
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*10,327*	*1,044*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*(9)*	*(152)*
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(28)*	*(26)*
Income from insurance activities	Note 4.3	3,539	3,104
Expenses from insurance services	Note 4.3	(1,978)	(1,606)
Income and expenses from reinsurance held	Note 4.3	17	(19)
Net Finance income or expenses from insurance contracts issued[1]	Note 4.3	(6,285)	4,030
Net Finance income or expenses from reinsurance contracts held	Note 4.3	5	45
Cost of credit risk of financial assets from insurance activities	Note 3.8	7	1
Income from other activities	Note 4.2	21,005	13,301
Expenses from other activities	Note 4.2	(17,394)	(10,625)
Net banking income		**25,104**	**27,155**
Other operating expenses	Note 5	(16,849)	(16,425)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(1,675)	(1,569)
Gross operating income		**6,580**	**9,161**
Cost of risk	Note 3.8	(1,025)	(1,647)
Operating income		**5,555**	**7,514**
Net income from investments accounted for using the equity method		24	15
Net income/expense from other assets		(113)	(3,290)
Value adjustments on goodwill	Note 2.2	(338)	-
Earnings before tax		**5,128**	**4,239**
Income tax	Note 6	(1,679)	(1,483)
Consolidated net income		**3,449**	**2,756**
Non-controlling interests	Note 2.3	956	931
Net income, Group share		**2,493**	**1,825**
Earnings per ordinary share	Note 7.2	2.17	1.50
Diluted earnings per ordinary share	Note 7.2	2.17	1.50

(1) The Interest and similar income and Net gains and losses on financial transactions lines include in particular the gains and losses on the investments of insurance activities. These amounts must be assessed by taking into account the financial gains and losses arising from the measurement of the insurance and reinsurance contracts associated with these investments, which are presented in the Net financial income or expenses of the insurance contracts issued (see Note 4.3).

6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EUR m)	2023	2022 R
Consolidated net income	**3,449**	**2,756**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(166)**	**578**
Translation differences	(356)	1,820
Revaluation differences for the period	*(429)*	*1,278*
Reclassified into income	*73*	*542*
Revaluation of debt instruments at fair value through other comprehensive income[1]	2,402	(10,849)
Revaluation differences for the period	*2,374*	*(11,029)*
Reclassified into income	*28*	*180*
Revaluation of insurance contracts at fair value through other comprehensive income[1]	(2,134)	10,050
Revaluation of hedging derivatives	(68)	(610)
Revaluation differences of the period	*(36)*	*(482)*
Reclassified into income	*(32)*	*(128)*
Related tax	10	167
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(177)**	**539**
Actuarial gains and losses on defined benefit plans	12	92
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	(257)	671
Revaluation of equity instruments at fair value through other comprehensive income	1	(26)
Related tax	(67)	(198)
Total unrealised or deferred gains and losses	**(343)**	**1,117**
Net income and unrealised or deferred gains and losses	**3,106**	**3,873**
o/w Group share	*2,085*	*3,080*
o/w non-controlling interests	*1,021*	*793*

(1) The Revaluation of the debt instruments at fair value through other comprehensive income" line includes the revaluation gains and losses on the investments of the insurance activities measured at fair value through other comprehensive income. Their net amounts must be perceived taking into account the financial gains and losses from the revaluation of the insurances contracts associated with these investments; these gains and losses are presented in the line Revaluation of insurance contracts at fair value through other comprehensive income (see Note 4.3).

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In EUR m)	Shareholders' equity, Group share							
	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 2022	**21,913**	**7,534**	**36,412**	**-**	**(792)**	**65,067**	**5,796**	**70,863**
Effect of the application of IFRS 17 and IFRS 9 for insurance subsidiaries (see Note 1)	-	-	212	-	(181)	31	15	46
At 1 January 2022 R	**21,913**	**7,534**	**36,624**	**-**	**(973)**	**65,098**	**5,811**	**70,909**
Increase in common stock and issuance/ redemption and remuneration of equity instruments	(233)	1,602	(590)	-	-	779	(33)	746
Elimination of treasury stock	(524)	-	(66)	-	-	(590)	-	(590)
Equity component of share-based payment plans	92	-	-	-	-	92	-	92
2022 R Dividends paid (see Note 7.2)	-	-	(1,371)	-	-	(1,371)	(754)	(2,125)
Effect of changes of the consolidation scope	-	-	(88)	-	-	(88)	543	455
Sub-total of changes linked to relations with shareholders	***(665)***	***1,602***	***(2,115)***	**-**	**-**	***(1,178)***	***(244)***	***(1,422)***
2022 R Net income	-	-	-	1,825	-	1,825	931	2,756
Change in unrealised or deferred gains and losses	-	-	-	-	1,255	1,255	(138)	1,117
Other changes*	-	-	(693)	-	663	(30)	(4)	(34)
Sub-total	**-**	**-**	**(693)**	**1,825**	**1,918**	**3,050**	**789**	**3,839**
At 31 December 2022 R	**21,248**	**9,136**	**33,816**	**1,825**	**945**	**66,970**	**6,356**	**73,326**
Allocation to retained earnings								
At 1 January 2023	**21,248**	**9,136**	**33,816**	**1,825**	**945**	**66,970**	**6,356**	**73,326**
Increase in common stock and issuance/ redemption and remuneration of equity instruments (see Note 7.1)	(1,133)	(212)	(1,143)	-	-	(2,488)	(70)	(2,558)
Elimination of treasury stock (see Note 7.1)	961	-	(62)	-	-	899	-	899
Equity component of share-based payment plans	110	-	-	-	-	110	-	110
2023 Dividends paid (see Note 7.2)	-	-	1,362	-	-	1,362	499	1,861
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(34)	-	-	(34)	3,523	3,489
Sub-total of changes linked to relations with shareholders	***(62)***	***(212)***	***(2,601)***	**-**	**-**	***(2,875)***	***2,954***	***79***
2023 Net income	-	-	-	2,493	-	2,493	956	**3,449**
Change in unrealised or deferred gains and losses	-	-	-	-	(408)	(408)	65	(343)
Other changes	-	-	(205)	-	-	(205)	(59)	(264)
Sub-total	**-**	**-**	**(205)**	**2,493**	**(408)**	**1,880**	**962**	**2,842**
At 31 December 2023	**21,186**	**8,924**	**32,891**	**2,493**	**481**	**65,975**	**10,272**	**76,247**

* *Includes the reallocation to Unrealised and deferred gains and losses recognised directly in equity of the currency translation adjustment on US dollar financial assets classified as net investment in a foreign operation.*

6.1.6 CASH FLOW STATEMENT

(In EUR m)	2023	2022 R
Consolidated net income (I)	**3,449**	**2,756**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	7,710	5,342
Depreciation and net allocation to provisions	(346)	(18)
Net income/loss from investments accounted for using the equity method	(24)	(15)
Change in deferred taxes	209	209
Net income from the sale of long-term assets and subsidiaries	(101)	(168)
Other changes	4,748	5,368
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**12,196**	**10,718**
Income on financial instruments at fair value through profit or loss	(379)	11,739
Interbank transactions	(18,239)	(11,795)
Customers transactions	23,841	3,632
Transactions related to other financial assets and liabilities	9,753	28,161
Transactions related to other non-financial assets and liabilities	6,802	(6,130)
Net increase/decrease in cash related to operating assets and liabilities (III)	**21,778**	**25,607**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**37,423**	**39,081**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(206)	578
Net cash inflow (outflow) related to tangible and intangible fixed assets	(11,867)	(9,579)
Net cash inflow (outflow) related to investment activities (B)	**(12,073)**	**(9,001)**
Cash flow from/to shareholders	(3,928)	(712)
Other net cash flow arising from financing activities	26	498
Net cash inflow (outflow) related to financing activities (C)	**(3,902)**	**(214)**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	(2,320)	2,354
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**19,128**	**32,220**
Cash, due from central banks (assets)	207,013	179,969
Due to central banks (liabilities)	(8,361)	(5,152)
Current accounts with banks (see Note 3.5)	34,672	28,205
Demand deposits and current accounts with banks (see Note 3.6)	(10,455)	(12,373)
Cash and cash equivalents at the start of the year	**222,869**	**190,649**
Cash, due from central banks (assets)	223,048	207,013
Due to central banks (liabilities)	(9,718)	(8,361)
Current accounts with banks (see Note 3.5)	39,798	34,672
Demand deposits and current accounts with banks (see Note 3.6)	(11,131)	10,455
Cash and cash equivalents at the end of the year	**241,997**	**(222,869)**
Net inflow (outflow) in cash and cash equivalents	**19,128**	**32,220**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 7 February 2024.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

NOTE 1.1 Introduction

ACCOUNTING STANDARDS

Under 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 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the Societe Generale parent company (including the Societe Generale foreign branches) and all 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 continue accounting for hedging transactions under IAS 39 as adopted by the European Union, including the provisions related to macro-fair value hedge accounting (IAS 39 "carve-out").

FINANCIAL STATEMENTS PRESENTATION

As the IFRS framework does not specify a standard model, the format of the primary financial statements used is consistent with the format proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables* (ANC), under Recommendation No. 2022-01 of 8 April 2022.

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 during the period under review.

The Group publishes its Annual Financial Report 2023 using the European Single Electronic Format (ESEF) as defined by the amended Delegated Regulation (EU) 2019/815.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures reported in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding may generate discrepancies between the figures reported in the financial statements and those reported in the Notes.

NOTE 1.2 New accounting standards applied by the Group as of 1 January 2023

IFRS 17 “Insurance Contracts”

Amendments to IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

Amendments to IAS 1 “Disclosure of Accounting Policies”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Amendments to IAS 12 “International Tax Reform – Pillar 2 Model Rules”

Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” (early application)

IFRS 17 “INSURANCE CONTRACTS” – AMENDMENTS TO IFRS 17 PUBLISHED ON 25 JUNE 2020 AND AMENDMENTS TO IFRS 17 AND IFRS 9 PUBLISHED ON 9 DECEMBER 2021

The impacts of the first application of IFRS 17 and IFRS 9 by the insurance subsidiaries are presented in paragraph 4 below.

AMENDMENTS TO IAS 1 “DISCLOSURE OF ACCOUNTING POLICIES”

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the Notes to the financial statements and the usefulness of that information to investors and financial statement users.

The Group takes into account these amendments for the preparation of its consolidated financial statements.

AMENDMENTS TO IAS 8 “DEFINITION OF ACCOUNTING ESTIMATES”

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

The Group takes into account these amendments for the preparation of its consolidated financial statements.

AMENDMENTS TO IAS 12 “INCOME TAXES – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION”

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 “Income Tax” standard allowing institutions not to recognise any deferred tax at the initial recognition of an asset or 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 taxes related to leases and to decommissioning obligations.

Since the date of first application of IFRS 16 “Leases”, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences arising from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group’s consolidated financial statements.

AMENDMENTS TO IAS 12 “INTERNATIONAL TAX REFORM – PILLAR 2 MODEL RULES”

These amendments introduce a mandatory temporary exemption from the recognition of deferred income tax assets and liabilities stemming from the OECD Pillar 2 rules and apply retrospectively for the financial years beginning on or after 1 January 2023.

This exemption involves specific reporting requirements for the consolidated financial statements.

The Group has put in place a project structure in order to identify the impacts of these amendments to conform with the new obligations imposed by the latter in relation to the OECD’s Pillar 2 global tax reform (see Note 6).

AMENDMENTS TO IFRS 16 “LEASE LIABILITY IN A SALE AND LEASEBACK”

These amendments provide clarifications on the subsequent measurement of leaseback transactions when the initial sale of the asset meets the criteria of IFRS 15 (“Revenue from contract with customers”) to be recognised as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from these leaseback transactions, made of variable lease payments that do not depend on an index or a rate.

These amendments have no impact on the Group’s consolidated financial statements.

NOTE 1.3 Accounting standards, amendments or interpretations to be applied by the Group in the future

The IASB published accounting standards and amendments, some of which have not yet been adopted by the European Union as at 31 December 2023. Their application is required for the financial years beginning on or after 1 January 2024 at the earliest or on the date of their adoption by the European Union. They have thus not been applied by the Group as at 31 December 2023.

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

2025	• Amendments to IAS 21 "Lack of Exchangeability"

AMENDMENTS TO IAS 21 "LACK OF EXCHANGEABILITY"

Published on 15 August 2023.

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the exchange rate of a non-convertible currency. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

These amendments will be consolidated in IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IFRS 1 "First-time Adoption of IFRS" in March 2024.

The impact of these amendments is currently being analysed.

NOTE 1.4 Initial application of IFRS 17 "Insurance contracts" and of IFRS 9 "Financial instruments" to insurance subsidiaries

IFRS 17 "Insurance Contracts", issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 Amendments, replaces IFRS 4 "Insurance Contracts" which allowed, in particular, insurance contracts to be recognised using methods set out by the local accounting regulations.

On 23 November 2021, the European Commission (EC) published in the Official Journal, Commission Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 "Insurance Contracts". This adoption included the possibility for European companies not to apply the requirement laid out in the standard to group some insurance contracts by annual cohort for their measurement; this exemption will be reassessed by the European Commission by 31 December 2027 at the latest.

Since 1 January 2023, the Group has been applying IFRS 17. On that same date, the Group' insurance subsidiaries started applying IFRS 9 "Financial Instruments" for the first time; this application had been delayed as a result of the possibilities offered by the Amendments to IFRS 17 and to IFRS 4 issued by the IASB on 25 June 2020 and extended by Regulations (EU) 2017/1988 and 2020/2097 of the European Commission.

On 8 September 2022, the European Union adopted the amendments to IFRS 17 published by the IASB on 9 December 2021 with the aim of improving the usefulness of the comparative information about financial assets presented on the initial application of IFRS 17 and IFRS 9.

The main consequences of the application of IFRS 17 concern:

- the measurement of insurance contracts, materialised mainly as liabilities on the balance sheet: their value will be updated on each closing date based on a re-estimate of the future cash flows related to their fulfilment. This re-estimate will take account, in particular, of market data in relation to financial elements and the behaviour of policyholders;
- the recognition of the margin: although the profitability of the insurance contracts remains unchanged, the pace of recognition of the margin in the income statement is modified. Any expected profit is deferred in the balance sheet and spread in the income statement over the coverage period of the insurance contracts. Conversely, any expected loss is immediately recognised in the income statement upon its initial recognition or in subsequent measurements; and
- the presentation of the income statement: the operating expenses attributable to the fulfilment of insurance contracts is hence presented in reduction of the net banking income as Insurance service expenses and thus does not impact the total operating expenses on the consolidated income statement anymore.

TRANSITIONAL AND INITIAL APPLICATION REQUIREMENTS

IFRS 17 standard

The initial application of IFRS 17 on 1 January 2023 is retrospective and the comparative data of the 2022 financial year have been restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 are presented directly in equity.

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

- either a modified retrospective approach that provides, based on reasonable information available at no cost or undue effort, measurements that are as close as possible to those that would result from the retrospective application of the standard;
- or an approach based on the fair value of the insurance contracts portfolios as at 1 January 2022.

The Group has applied a modified retrospective approach for the savings life insurance contracts and savings retirement contracts which represent the large majority of its contracts. Protection-Property and casualty contracts were subject to a full retrospective approach. For Protection-Provident contracts a retrospective approach, either full or modified, has been applied on a case-by-case basis.

The measurement of the insurance contracts made on a current basis, taking into account the time value of money and the financial risks related to future cash flows, required to adjust the measurement of some assets held to back the contracts in order to reduce the possible accounting mismatches.

Since 1 January 2023, initial application date of IFRS 17, the Group is measuring at fair value the investment properties held by insurance companies to back the insurance contracts issued. These are investment properties held as part of the management of insurance contracts with direct participations features.

IFRS 17 requires to include in the measurement of the insurance contracts general operating expenses (personnel expenses, amortisation expenses for fixed assets and other operating expenses) directly attributable to the fulfilment of contracts and to present them as Insurance service expenses in the net banking income.

The Group's insurance subsidiaries systematically identify in the fulfilment cash flows of their contracts the amount of administrative costs they expect to bear. These administrative costs are presented under Insurance service expenses in the net banking income. Consequently, the administrative costs presented by nature on the consolidated income statement are reduced by the amounts allocated to the fulfilment of the insurance contracts.

Furthermore, the Group's banking entities sell, through their retail networks, the insurance contracts issued by the Group's insurance subsidiaries and thus invoice fees to these entities. These fees cover the costs incurred by the banking entities plus a margin. As this invoicing takes place between Group-controlled entities, the internal margin received by the banking entity and incurred by the insurance entity is eliminated in the consolidated accounts. The administrative costs incurred by the banking entities for the distribution of contracts are regarded as expenses directly attributable to the fulfilment of the contracts and are thus incorporated into the measurement of the contracts and presented under the "Insurance service expenses" heading. The contractual service margin of the insurance contracts distributed by the Group's banking entities is thus determined by taking into account both the costs incurred by the distributing banking entity (excl. internal margin) and the other directly attributable costs incurred by the insurance entity.

IFRS 9 standard

The initial application of IFRS 9 by the Group's insurance subsidiaries as at 1 January 2023 is retrospective.

For the sake of consistency with the IFRS 17 transition arrangements, and in order to provide more relevant and useful information, the Group has restated the comparative figures of the 2022 financial year related to the relevant financial instruments of its insurance subsidiaries (including the financial instruments derecognised during the 2022 financial year in accordance with IFRS 17 amendment which allows the presentation of comparative information concerning a financial asset as if IFRS 9 had previously been applied to that asset).

Following the retrospective application of IFRS 9 as at 1 January 2022, the differences in measurement (including the impairment for credit risk) of the financial assets and liabilities impacted are recognised directly in equity.

New presentation of the financial statements

On the balance sheet, the accounting outstanding amounts related to insurance contracts, previously booked under Other assets, Insurance contracts related liabilities and Other liabilities are now presented under Insurance and reinsurance contracts assets and Insurance and reinsurance contracts liabilities.

The accounting outstanding amounts related to the financial instruments and investments properties of insurance activities, previously booked on the assets side under Investments of insurance companies and on the liabilities side under Insurance contracts related liabilities, are now presented under the different headings of the balance sheet according to their classification and valuation technique.

In the consolidated income statement, in the net banking income, the income and expenses related to the insurance contracts issued and the reinsurance contracts were previously grouped under Net income from insurance activities. These income and expenses are now measured and recognised according to IFRS 17, and presented in the net banking income under the following headings:

- income from insurance contracts issued;
- insurance service expenses;
- income and expenses from reinsurance contracts held;
- net finance income or expenses from insurance contracts issued; and
- net finance income or expenses from reinsurance contracts held.

The incomes and expenses related to the financial instruments of insurance activities, previously presented under Net income from insurance activities, are now presented under the consolidated income statement headings dedicated to the valuation of financial instruments, with the exception of the expenses and incomes related to credit risk which are presented in the net banking income under Cost of credit risk of the financial assets related to insurance activities.

Furthermore, in the context of the application of IFRS 17, the Group has modified the presentation of the general operating expenses in the consolidated income statement to improve the readability of the Group's performance. The Other general operating expenses heading now includes the amounts previously presented under Personnel expenses and Other operating expenses, from which are deducted the general operating expenses related to insurance contracts that will henceforth be presented under the Insurance service expenses heading in the net banking income.

IMPACTS ON THE GROUP'S BALANCE SHEET AND PERFORMANCE

The following tables reconcile the balance sheet as at 31 December 2021, presented taking into account the application of IAS 39 and IFRS 4 by the insurance subsidiaries, and the balance sheet as at 1 January 2022, presented taking into account the application of IFRS 9 and IFRS 17. The tables also include the balance sheet as at 31 December 2022 restated as a result of the application of IFRS 9 and IFRS 17.

		A	B	C	D	
		IFRS 9 reclassifications			Other reclassifi-cations	
(In EUR m)	**Balances as at 31.12.2021**	**of available for-sale financial assets**	**of loans and receivables regarding their business model**	**of non-SPPI loans and receivables**	**Others**	**Reclassified balances**
Cash, due from central banks	179,969	-	-	-	-	179,969
Financial assets at fair value through profit or loss	342,714	15,879	-	2,085	85,826	446,504
Hedging derivatives	13,239	-	-	-	353	13,592
Financial assets at fair value through other comprehensive income	43,450	67,632	1,454	-	-	112,536
Securities at amortised cost	19,371	4,975	-	-	22	24,368
Due from banks at amortised cost	55,972	-	-	-	1,232	57,204
Customer loans at amortised cost	497,164	-	-	-	69	497,233
Revaluation differences on portfolios hedged against interest rate risk	131	-	-	-	-	131
Investments of insurance companies	178,898	(88,486)	(1,454)	(2,085)	(86,873)	-
Financial assets at fair value through profit or loss (trading portfolio)	*211*	-	-	-	*(211)*	
Financial assets at fair value through profit or loss (fair value option)	*84,448*	-	-	-	*(84,448)*	
Hedging derivatives	*353*	-	-	-	*(353)*	
Available-for-sale financial assets	*88,486*	*(88,486)*	-	-	-	
Due from banks	*4,771*	-	*(1,454)*	*(2,085)*	*(1,232)*	
Customer loans	*69*	-	-	-	*(69)*	
Held-to-maturity financial assets	*22*	-	-	-	*(22)*	
Real estate investments	*538*	-	-	-	*(538)*	
Insurance and reinsurance contracts assets						
Tax assets	4,812	-	-	-	-	4,812
Other assets	92,898	-	-	-	(1,167)	91,731
Non-current assets held for sale	27	-	-	-	-	27
Deferred profit-sharing	-	-	-	-	-	-
Investments accounted for using the equity method	95	-	-	-	-	95
Tangible and intangible fixed assets	31,968	-	-	-	538	32,506
Goodwill	3,741	-	-	-	-	3,741
TOTAL ASSETS	**1,464,449**	**-**	**-**	**-**	**-**	**1,464,449**

		E			F	G			H		
		Adjustment of book value related to investments			Adjustment of book value related to insurance contracts				Deferred taxes		
					IFRS 4 derecogni-tion	IFRS 17 insurance contracts accounting					
(In EUR m)	Reclassi-fied balances	Reclassifi-cation effects	Impair-ment and provisions for credit risk	Total		through reserves	Through OCI	Total		Balances as at 01.01.2022 R	Balances as at 31.12.2022 R
Cash, due from central banks	179,969	-	-	-	-	-	-	-	-	179,969	207,013
Financial assets at fair value through profit or loss	446,504	213	-	213	-	-	-	-	-	446,717	427,151
Hedging derivatives	13,592	-	-	-	-	-	-	-	-	13, 592	32,971
Financial assets at fair value through other comprehensive income	112,536	159	-	159	-	-	-	-	-	112, 695	92,960
Securities at amortised cost	24,368	(218)	(1)	(219)	-	-	-	-	-	24,149	26,143
Due from banks at amortised cost	57,204	-	-	-	-	-	-	-	-	57,204	68,171
Customer loans at amortised cost	497,233	-	-	-	-	-	-	-	-	497,233	506,635
Revaluation differences on portfolios hedged against interest rate risk	131	-	-	-	-	-	-	-	-	131	(2,262)
Investments of insurance companies	-										
Insurance and reinsurance contracts assets	-					355	25	380	-	380	353
Tax assets	4,812	-	-	-	-	-	-	-	(65)	4,747	4,484
Other assets	91,731	-	(0)	-	(1,702)	16	-	16	-	90,045	82,315
Non-current assets held for sale	27	-	-	-	-	-	-	-	-	27	1,081
Deferred profit-sharing	-	-	-	-	-	-	-	-	-		
Investments accounted for using the equity method	95	-	-	-	-	-	-	-	-	95	146
Tangible and intangible fixed assets	32,506	356	-	356	(14)	-	-	-	-	32,848	33,958
Goodwill	3,741	-	-	-	-	-	-	-	-	3,741	3,781
TOTAL ASSETS	**1,464,449**	**510**	**(1)**	**509**	**(1,716)**	**371**	**25**	**396**	**(65)**	**1,463,573**	**1,484,900**

		I	J			K	L			M		
		Reclassifi-cations[(1)]	Adjustment of book value related to investments			Adjustment of book value related to insurance contracts				Deferred taxes		
						IFRS 4 derecogni-tion	IFRS 17 insurance contracts accounting					
(In EUR m)	Balances at 31.12.2021		Reclassifi-cation effects	Impair-ment and provisions for credit risk	Total		through reserves	through OCI	Total		Balances as at 01.01.2022 R	Balances as at 31.12.2022 R
Due to central banks	5,152	-	-	-	-	-	-	-	-	-	5,152	8,361
Financial liabilities at fair value through profit or loss	307,563	4,140	-	-	-	-	-	-	-	-	311,703	304,175
Hedging derivatives	10,425	-	-	-	-	-	-	-	-	-	10,425	46,164
Debt securities issued	135,324	-	-	-	-	-	-	-	-	-	135,324	133,176
Due to bank	139,177	-	-	-	-	-	-	-	-	-	139,177	133,011
Customer deposits	509,133	-	-	-	-	-	-	-	-	-	509,133	530,764
Revaluation differences on portfolio hedged against interest rate risk	2,832	-	-	-	-	-	-	-	-	-	2,832	(9,659)
Tax liabilities	1,577	-	-	-	-	-	-	-	-	(4)	1,573	1,645
Other liabilities	106,305	-	-	-	-	(360)	28	-	28	-	105,973	107,315
Non-current liabilities held for sale	1	-	-	-	-	-	-	-	-	-	1	220
Insurance contracts related liabilities	155,288	(4,140)	-	-	-	(151,148)	-					
Underwriting reserves of insurance companies	*151,148*	-				*(151,148)*	-					
Financial liabilities of insurance companies	*4,140*	*(4,140)*										
Insurance and reinsurance contracts liabilities	-	-	-	-	-	-	144,936	5,626	150,562	-	150,562	135,875
Provisions	4,850	-	-	-	-	-	-	-	-	-	4,850	4,579
Subordinated debts	15,959	-	-	-	-	-	-	-	-	-	15,959	15,948
TOTAL LIABILITIES	**1,393,586**	**-**	**-**	**-**	**-**	**(151,508)**	**144,964**	**5,626**	**150,590**	**(4)**	**1,392,664**	**1,411,574**
Shareholders' equity												
Shareholders' equity, Group share												
Issued common stocks and capital reserves	21,913	-	-	-	-	-	-	-	-	-	21,913	21,248
Other equity instruments	7,534	-	-	-	-	-	-	-	-	-	7,534	9,136
Retained earnings	30,631	5,781	3,318	(20)	3,298	140,983	(143,944)	-	(143,944)	(125)	36,624	33,816
Net income	5,641	(5,641)	-	-	-	-	-	-	-	-	-	1,825
SUB-TOTAL	**65,719**	**140**	**3,318**	**(20)**	**3,298**	**140,983**	**(143,944)**	**-**	**(143,944)**	**(125)**	**66,071**	**66,025**
Unrealised or deferred capital gains and losses	(652)	(140)	(2,810)	19	(2,791)	8,143	-	(5,600)	(5,600)	67	(973)	945
SUB-TOTAL EQUITY, GROUP SHARE	**65,067**	**-**	**508**	**(1)**	**507**	**149,126**	**(143,944)**	**(5,600)**	**(149,544)**	**(58)**	**65,098**	**66,970**
Non-controlling interests	5,796	-	2	(0)	2	666	(649)	(1)	(650)	(3)	5,811	6,356
TOTAL EQUITY	**70,863**	**-**	**510**	**(1)**	**509**	**149,792**	**(144,593)**	**(5,601)**	**(150,194)**	**(61)**	**70,909**	**73,326**
TOTAL	**1,464,449**	**-**	**510**	**(1)**	**509**	**(1,716)**	**371**	**25**	**396**	**(65)**	**1,463,573**	**1,484,900**

(1) *This column includes the allocation to retained earnings of 2021 net income and gains and losses recognised directly in equity that will not be reclassified subsequently to income.*

DESCRIPTION OF THE RECLASSIFICATIONS MADE FOR THE FINANCIAL INSTRUMENTS AND OTHER INVESTMENT ASSETS AS AT 1 JANUARY 2022 (COLUMNS A, B, C, D AND I)

Reclassification of available-for-sale financial assets (column A)

Applying IFRS 9 causes the disappearance of the Available-for-sale financial assets accounting category. Consequently, the instruments previously included in this category have been reclassified under IFRS 9 accounting headings according to the characteristics of their contractual cash flows and their business model.

The Available-for-sale assets of insurance companies included, as at 31 December 2021, debt securities (bonds and equivalent securities) for EUR 74,084 million and equity securities (shares and equivalent securities) for EUR 14,402 million.

Basic debt securities (financial instruments, whose contractual cash flows are solely payments of principal and interests) were reclassified as follows:

- debt securities held as part of a business model whose objective is to hold assets in order to collect contractual cash flows business model were reclassified as Financial assets at amortised cost for EUR 4,975 million. These are mainly debt securities acquired for the purpose of reinvesting the own funds of insurance subsidiaries;
- debt securities held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets business model were reclassified as Financial assets at fair value through other comprehensive income for EUR 67,632 million. These debt securities are mainly acquired for the management of insurance contracts.

Non-basic debt securities and equity securities were reclassified into Financial assets at fair value through profit or loss for EUR 15,879 million. These securities are held for the purpose of managing insurance contracts.

Reclassification of loans and receivables (columns B, C and D)

Basic loans and receivables (financial instruments whose contractual cash flows are Solely Payments of Principal and Interests) were reclassified as follows:

- loans and receivables held as part of a business model whose objective is to hold assets in order "to collect contractual cash flows" business model were reclassified as Due from banks at amortised cost for EUR 1,232 million and as Customer loans at amortised cost for EUR 69 million (column D);
- loans and receivables held as part of a business model whose objective is achieved by both "collecting contractual cash flows and selling financial assets" business model were reclassified as Financial assets at fair value through other comprehensive income for an amount of EUR 1,454 million. These loans and receivables are Due from banks (column B).

Non-basic loans and receivables were reclassified as Financial assets at fair value through profit or loss for EUR 2,085 million (column C).

Financial instruments reclassified as Financial assets at fair value through other comprehensive income or as Financial assets at fair value through profit or loss are mainly bonds recognised at amortised cost following the amendment of IAS 39 in 2008. This amendment provided, under certain conditions, the option to reclassify Available-for-sale Financial Assets into the Loans and Receivables category.

Other reclassifications (columns D and I)

In addition to the reclassifications described above, the other reclassifications are intended to reallocate the remaining outstanding amounts related to insurance activities to the accounting items commonly used by the rest of the Group.

The financial assets at fair value through profit or loss of the trading portfolio of the insurance subsidiaries (EUR 211 million) on the one hand, the financial assets measured at fair value through profit or loss under the fair value option (EUR 84,448 million) on the other hand, and an asset resulting from a indexed co-insurance agreement, previously shown under other assets (EUR 1,167 million), have been reclassified under Financial assets at fair value through profit or loss. Included in these financial assets, EUR 69,383 million of non-basic instruments have thus been transferred under Financial assets measured mandatorily at fair value through profit or loss; they mainly consist in underlying financial assets of unit-linked contracts previously measured at fair value using the fair value option under IAS 39 to eliminate accounting mismatches with the related insurance liabilities.

Hedging derivatives were reclassified into the corresponding heading for EUR 353 million.

Real estate investments were reclassified as Tangible and intangible fixed assets for EUR 538 million.

Financial liabilities of insurance companies were reclassified as Financial liabilities at fair value through profit and loss for an amount of EUR 4,140 million. These include investments contracts (outside the scope of IFRS 17) and trading derivatives in the scope of IFRS 9.

Description of the book value adjustments made for the financial instruments and other investments assets as at 1 January 2022 (columns E and J)

The Balance sheet value of the Investments of insurance companies whose valuation method was modified, was adjusted in equity as at 1 January 2022 for a total amount of EUR 509 million before tax effects. This amount includes:

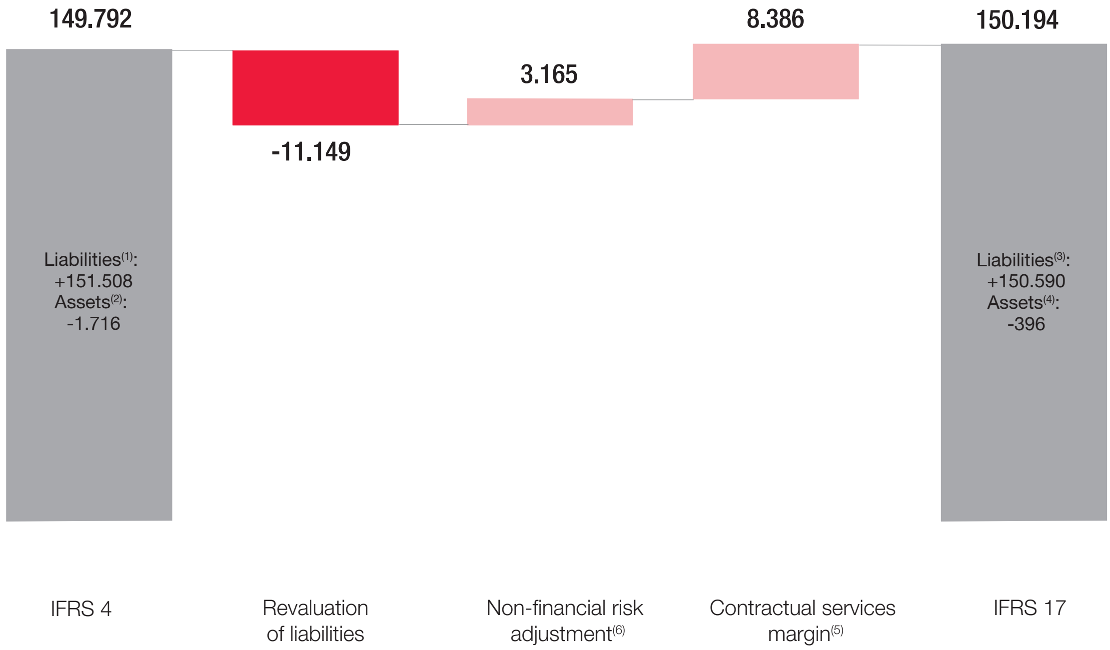
- the revaluation at fair value of investment properties for an amount of EUR 356 million in application of IAS 40 “Investment property”, in order to avoid an accounting mismatch between the measurement method applied to the properties and the insurance contracts they are backing;
- the adjustment of the book value of financial assets for a net amount of EUR 153 million as a result of their new measurement method in application of IFRS 9. This amount includes the recognition of additional expected credit losses for EUR 1 million for the Securities at amortised cost.

Gains and losses recognised directly in equity for Financial assets at fair value through other comprehensive income relating to credit risk were reclassified at 1 January 2022 to retained earnings for an amount of EUR 19 million. This refers to the expected credit loss related to the impairment of loans in Stage 1 or Stage 2.

Description of the derecognition of IFRS 4 insurance contracts and the recognition of insurance contracts under IFRS 17 as at 1 January 2022 (columns F, G, K and L)

The adjustment of the book value of the insurance contracts assets and liabilities, resulting from the replacement of IFRS 4 (prudent valuation) by IFRS 17 (economic valuation), was recorded as at 1 January 2022 in equity for a negative amount of EUR 402 million before tax effects.

This amount is broken down as follows:



(1) *This amount is composed of Underwriting reserves for EUR 151,148 million and of Other Liabilities for EUR 360 million.*
(2) *This amount is composed of other assets for EUR 1,702 million and of tangible and intangible fixed assets for EUR 14 million.*
(3) *This amount is composed of Insurance contracts liabilities for EUR 150,562 million and of Other Liabilities for EUR 28 million.*
(4) *This amount is composed of Insurance contracts assets for EUR 380 million and of other assets for EUR 16 million.*
(5) *The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future.*
(6) *The non-financial risk adjustment corrects the present value of future cash flows in insurance contracts to reflect uncertainty about the amount and timing of these flows.*

Marginal total impact on the Total equity as at 1 January 2022

As at the transition date (1 January 2022), the retrospective application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries resulted in a EUR 46 million increase in the Total consolidated equity.

This impact is broken down as follows: a decrease of EUR 402 million related to the transition from IFRS 4 to IFRS 17, an increase of EUR 509 million related to the transition to IFRS 9 and the revaluation of investment properties according to IAS 40, and a decrease of EUR 61 million related to the adjustment of deferred tax assets and liabilities.

Positive total impact on the Total equity as at 1 January 2023

The retrospective application of IFRS 9 and IFRS 17 by the Group's insurance subsidiaries resulted in an adjustment of the comparative data for the financial year 2022 for an amount of EUR -191 million on the consolidated net income and an amount of EUR +689 million on the unrealised or deferred gains and losses recognised directly in equity.

As at the date of initial application (1 January 2023), the cumulative impact on the Total equity amounted to EUR +544 million.

The table below shows the Group's consolidated income statement for 2022 as published in the last Annual Financial Report and then the restated income statement (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

In the Notes to the financial statements, the restated data are identified with "R".

(In EUR m)	**2022 R**	**2022**
Interest and similar income(1)(2)	30,738	28,838
Interest and similar expense(1)(2)	(17,897)	(17,552)
Fee income	9,400	9,335
Fee expense	(4,183)	(4,161)
Net gains and losses on financial transactions(1)(2)	866	6,691
o/w net gains and losses on financial instruments at fair value through profit or loss	*1,044*	*6,715*
o/w net gains and losses on financial instruments at fair value through other comprehensive income	*(152)*	*(10)*
o/w net gains and losses from the derecognition of financial instruments at amortised cost	*(26)*	*(14)*
Net income from insurance activities		2,211
Income from insurance contracts issued	3,104	
Insurance service expenses(3)	(1,606)	
Income and expenses from reinsurance contracts held	(19)	
Net finance income or expenses from insurance contracts issued(2)	4,030	
Net finance income or expenses from reinsurance contracts held(2)	45	
Cost of credit risk from financial assets related to insurance activities	1	
Income from other activities(1)(2)	13,301	13,221
Expenses from other activities	(10,625)	(10,524)
Net banking income	**27,155**	**28,059**
Other general operating expenses(3)	(16,425)	(17,061)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	(1,569)	(1,569)
Gross operating income	**9,161**	**9,429**
Cost of credit risk	(1,647)	(1,647)
Operating income	**7,514**	**7,782**
Net income from investments accounted for using the equity method	15	15
Net income/expense from other assets	(3,290)	(3,290)
Value adjustments on goodwill	-	-
Earnings before tax	**4,239**	**4,507**
Income tax	(1,483)	(1,560)
Consolidated net income	**2,756**	**2,947**
Non-controlling interests	931	929
Net income, Group share	**1,825**	**2,018**

(1) *The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies' investments, now including in the same headings used by the rest of the Group, previously recorded as Net income from insurance activities.*

(2) *The financial performance of insurance companies must be analysed by taking into account on one hand the income and expenses from the investments backing in the insurance contracts and on the other hand the net finance income or expenses from insurance contracts measured according to IFRS 17. Both components of expenses and income mentioned above partly offset each other (see Note 4.3, table Detail of liabilities).*

(3) *The change in Other general operating expenses between the 2022 financial year published and the 2022 financial year restated is related to the allocation within Insurance service expenses of general operating expenses attributable to the fulfilment of insurance contracts.*

The table below presents the statement of net income and unrealised or deferred gains and losses published in 2022 and the one restated (2022 R) following the application of IFRS 17 and IFRS 9 by the Group's insurance subsidiaries.

(In EUR m)	**2022 R**	**2022**
Consolidated net income	**2,756**	**2,947**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**578**	**(111)**
Translation differences	1,820	1,820
Revaluation of debt instruments at fair value through other comprehensive income(1)(2)	(10,849)	(731)
Revaluation of available-for-sale financial assets(3)		(1,223)
Revaluation of insurance and reinsurance contracts through other comprehensive income(2)	10,050	
Revaluation of hedging derivatives	(610)	(380)
Related tax	167	403
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**539**	**539**
Total unrealised or deferred gains and losses	**1,117**	**428**
Net income and unrealised or deferred gains and losses	**3,873**	**3,375**
o/w Group share	*3,080*	*2,592*
o/w non-controlling interests	*793*	*783*

(1) The variations between the 2022 financial year published and the 2022 financial year restated are linked to the new presentation and measurement of insurance companies' investments, under the same headings used by the rest of the Group.

(2) The financial performance of insurance companies must be analysed by taking into account on one hand the gains and losses of the investments backing the insurance contracts (now presented according to the nature of the investment considered) and on the other hand the net finance gains and losses from insurance contracts measured according to IFRS 17. Both components of losses and gains mentioned above partly offset each other.

(3) This amount of EUR -1,223 million included, pursuant to the application of IAS 39 and IFRS 4, the re-measurement of the Available-for-sale assets for EUR -11,297 million, and the related Deferred profit-sharing for EUR 10,074 million.

NOTE 1.5 Use of estimates and judgement

To prepare the Group's consolidated financial statements, in application of the accounting principles described in the Notes, the Management makes assumptions and estimates that may impact the amounts recognised in the income statement or as Unrealised or deferred capital gains and losses, on the valuation of assets and liabilities on the balance sheet, and on the information disclosed in the related notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available when the consolidated financial statements are prepared and may exercise its judgment. Valuations based on estimates intrinsically involve risks and uncertainties relating to their occurrence in the future. Consequently, the actual future results may differ from these estimates and then have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take account of the uncertainties related to the economic consequences of geopolitics crisis and to the current macroeconomic context. The effects of these events on the assumptions and estimates used are specified in paragraph 6 of this Note.

Estimates and judgment are applied in particular with regard to the following items:

- the fair value on the balance sheet of the financial instruments not listed on an active market that are recognised as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income (described in Notes 3.1, 3.2, 3.3 and 3.4), as well as the fair value of the instruments measured at amortised cost for which this information is disclosed in the Notes to the financial statements (see Note 3.9);
- the impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income and loan commitments and guarantee commitments granted measured using models or internal assumptions based on historical, current and prospective data (see Note 3.8). The use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;
- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the impairment of Goodwill (see Note 2.2);
- the provisions recorded under liabilities on the balance sheet (see Notes 5.2 and 8.2);
- the estimates related to the valuation of insurance contracts assets and liabilities and of the implementation of the transition methods in the context of the initial application of IFRS 17 (see Note 4.3);
- the tax assets and liabilities recognised on balance sheet (see Note 6);
- an analysis of the characteristics of the contractual cash flows of financial assets in order to determine the appropriate accounting classification (see Note 3);
- the assessment of the degree of control for the determination of the scope of consolidated entities, especially with regard to structured entities (see Note 2.4);
- the determination of the lease period to be applied for recognising the right-of-use assets and lease liabilities (see Note 8.3).

CLIMATE RISK

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the Group's risk management system. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains one of the major climate risks for the Group.

As at 31 December 2023, the determination of the expected credit losses includes the possible impact of climate risks considered when assessing individual risks and sectoral risks, provided it is compatible with the provisioning horizon. The impact of the Group's commitments in favour of the energy and environmental transition and the development of the territories are still taken into account in the estimated budgets to determine the recoverable amount of the cash-generating units and the recoverability of the deferred tax assets.

Furthermore, the Group is currently analysing the provisions in the European Sustainability Reporting Standards (ESRS) adopted by the European Commission on 31 July 2023, notably those related to the connections between the future Sustainability reports and the consolidated financial statements.

NOTE 1.6 Geopolitical crises and macroeconomic context

2023 was a year of cumulative uncertainties with, in particular, the continuing conflict in Ukraine but also tensions in the banking sector in the United States and Europe at the beginning of the year, as well as the situation in the Middle East at the end of the year. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly. In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to ease to around 3% in 2024 and fall back to the target in the midterm.

In the US, the economy performed better than expected by most forecasters. Warning signs point to an already apparent sharper slowdown towards the end of the year.

In this context, the Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data (see Note 3.8) and are also used in some goodwill impairment tests (see Note 2.2) and tests of the recoverability of deferred tax assets (see Note 6).

NOTE 1.6.1 MACROECONOMIC SCENARIOS

As at 31 December 2023, the Group selected three macroeconomic scenarios to help understand the uncertainties related to the current macroeconomic context.

The assumptions selected to build these scenarios are described below:

- the central scenario ("SG Central") predicts a continuing economic slowdown in the euro area in 2024 with only a modest rebound in 2025. The fall in inflation, to around 2.5%, will be accompanied by an increase in the unemployment rate. The ECB would lower its interest rates starting in Spring 2024, but would continue scaling down its balance sheet at least until 2025 (reducing its direct purchases on the market). Economic growth is also expected to decelerate in 2024, interest rates are likely to decrease and inflation should remain on a downward trend while the unemployment rate increases;
- the favourable scenario ("SG Favourable") describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;
- the stressed scenario ("SG Stress") corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (like the 2008 crisis, euro area crisis, etc.), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

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

Institutional forecasts produced by organisations like the IMF, the World Bank, the ECB and the OECD and the consensus among market economists serve as a reference to challenge the Group's forecasts.

NOTE 1.6.2 FINANCIAL INSTRUMENTS: EXPECTED CREDIT LOSSES

The scenarios provided by the Group economists are incorporated into the expected credit loss provisioning models over a three-year horizon, followed by a two-year period to gradually return by the fifth year to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macroeconomic scenarios have been updated during the fourth quarter 2023 to account for uncertainties about the macroeconomic context.

Variables

The GDP growth rate, the profit margin of companies in France, the unemployment rates, the inflation rate in France and the yield on France 10-year government bonds are the main variables used in the expected credit losses measurement models.

The variables with the stronger impact on the determination of expected credit losses (GDP growth percentage for the major countries in which the Group operates and corporate profit margin in France) for each scenario are detailed hereinafter:

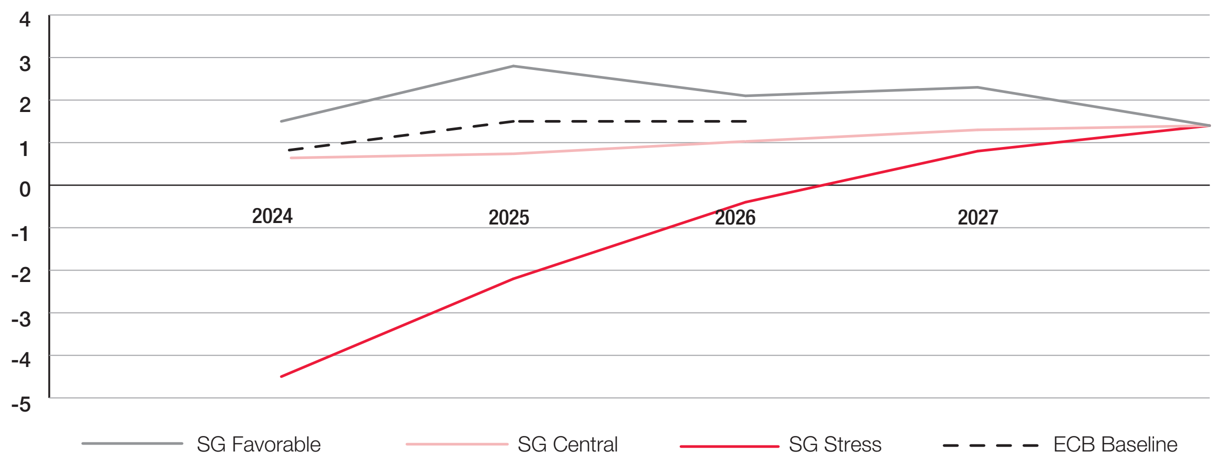
"SG Favourable" scenario	2024	2025	2026	2027	2028
France GDP	1.5	2.7	2.1	2.3	1.5
Corporate profit margin in France	33.0	32.7	32.9	32.9	32.4
Euro area GDP	1.5	2.8	2.1	2.3	1.4
United States GDP	1.9	3.5	2.8	3.0	2.2
China GDP	5.4	6.0	4.8	4.8	3.8
Czech Republic GDP	3.0	4.0	3.1	3.3	2.3
Romania GDP	3.8	4.8	3.8	4.2	3.2

"SG Central" scenario	2024	2025	2026	2027	2028
France GDP	0.5	0.7	1.1	1.3	1.5
Corporate profit margin in France	32.4	32.4	32.4	32.3	32.4
Euro area GDP	0.5	0.8	1.1	1.3	1.4
United States GDP	0.9	1.5	1.8	2.0	2.2
China GDP	4.4	4.0	3.8	3.8	3.8
Czech Republic GDP	2.0	2.0	2.1	2.3	2.3
Romania GDP	2.8	2.8	2.8	3.2	3.2

"SG Stress" scenario	2024	2025	2026	2027	2028
France GDP	(4.5)	(2.3)	(0.4)	0.8	1.5
Corporate profit margin in France	30.2	30.2	30.2	30.1	32.4
Euro area GDP	(4.5)	(2.2)	(0.4)	0.8	1.4
United States GDP	(4.1)	(1.5)	0.3	1.5	2.2
China GDP	(0.6)	1.0	2.3	3.3	3.8
Czech Republic GDP	(3.0)	(1.0)	0.6	1.8	2.3
Romania GDP	(2.2)	(0.2)	1.3	2.7	3.2

These simulations assume that the historical relationships between the key economic variables and the risk parameters remain unchanged. In reality, these correlations may be impacted by geopolitical or climatic events, or changes in behaviour, legal environment or credit granting policy.

The graph below compares the GDP forecasts in the euro area used by the Group for each scenario with the scenarios published by the ECB in December 2023.



WEIGHTING OF THE MACROECONOMIC SCENARIOS

The probabilities used are based on the differences observed over the past 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that occurred (forecast similar to the actual scenario, significantly optimistic or pessimistic).

In order to better account for a possible reversal in the cycle, the Group applies a weighting methodology to its scenarios (mainly based on the observed output gaps for the USA and the euro area) and assigns a higher weight to the SG Central scenario when the economy is depressed. Conversely, the methodology provides for a higher weight to be assigned to the SG Stress scenario when the economy moves towards the peak of the cycle. Accordingly, the weighting applied to the SG Central scenario was set at 62% at 31 December 2023.

PRESENTATION OF THE CHANGES IN WEIGHTS

	31.12.2023	30.06.2023	31.12.2022
SG Central	62%	62%	60%
SG Stress	28%	28%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

Credit risk costs as at 31 December 2023, insurance subsidiaries excluded, amount to a net expense of EUR 1,025 million, decreasing by EUR 622 million (38%) compared to 31 December 2022 (EUR 1,647 million).

Sensitivity tests have been performed to measure the impact of the changes in weights on the models. The sectoral adjustments (see Note 3.8) have been taken into account in these sensitivity tests. The scope of these tests includes the Stage 1 and Stage 2 outstanding loans subject to a statistical modelling of the impacts of the macroeconomic variables (which accounts for 88% of the expected credit losses on the outstanding loans concerned compared to 72% as at 31 December 2022).

The results of these tests, taking into account of the effect on the classification of 67% of the total outstanding loans concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of EUR 570 million;
- of the SG Favourable scenario, the impact would be a reversal of EUR 378 million;
- of the SG Central scenario, the impact would be a reversal of EUR 248 million.

COVID-19 CRISIS: STATE GUARANTEED LOANS ("PGE")

Until 30 June 2022, the Group offered its crisis-impacted clients (professionals and corporate clients) 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 came with a one-year repayment exemption. At the end of that year, the customer could 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 Ministry of Economics, Finance and Industrial and Digital Sovereignty on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee have been set by the State and applied 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). 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 contractual characteristics of the PGE are those of basic loans (SPPI criterion) and these loans are held by the Group within the framework of a business model whose objective is to collect their contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under "Customer loans at amortised cost".

As at 31 December 2023, after the first repayments made in 2022 and in 2023 at the end of the moratorium period, the amount outstanding corresponding to the State Guaranteed Loans (PGE) granted by the Group is approximately EUR 8.8 billion (of which EUR 1.8 billion classified as Stage 2 and EUR 1.1 billion as Stage 3). The portion of PGE granted by the French Retail networks amounts, as at 31 December 2023, to EUR 7.8 billion (of which EUR 1.6 billion classified as Stage 2 and EUR 0.9 billion as Stage 3); the State guarantee for these loans covers, on average, 90% of their amount.

The expected credit losses recognised as at 31 December 2023 for PGE (French state guaranteed loans) amount to some EUR 240 million of which EUR 171 million booked by the French Retail networks (including EUR 28 million in Stage 2 and EUR 124 million in Stage 3).

CONSEQUENCES OF THE WAR IN UKRAINE

The table below shows the changes in balance sheet and off-balance sheet exposures (measured at amortised cost or at fair value through OCI) booked by the Group's entities in Russia, on one side, and by the Group's entities outside Russia for Russian counterparties or subsidiaries of Russian groups, on the other side.

	31.12.2023		30.06.2023		31.12.2022	
(In EUR billion)	*Exposure at default*	Gross outstanding/ commitments	*Exposure at default*	Gross outstanding/ commitments	*Exposure at default*	Gross outstanding/ commitments
Onshore exposures on consolidated subsidiaries	0	0	0	0	0.3	0.3
Offshore exposures(1)	0.9	1	1.6	1.7	1.8	2
Rosbank residual exposures	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL	**1**	**1.1**	**1.7**	**1.8**	**2.2**	**2.4**

(1) Offshore exposures (exc. Private Banking and residual exposures linked to the disposal of Rosbank) correspond to the exposures on Russian counterparties or subsidiaries of Russian groups booked outside Russia.

Exposures in Russia and Ukraine

On 11 April 2022, ALD had announced that it would not engage in any new commercial transactions in Russia, Kazakhstan and Belarus without challenging the going concern status over the next twelve months of ALD Automotive OOO in Russia and ALD Automotive LLC in Belarus; the two entities continuing to serve their clients and manage the existing vehicle fleet without encountering any specific difficulties in relation to business activities.

On 27 April 2023, ALD announced the completion of the sale of its ALD Automotive OOO subsidiary in Russia.

ALD Automotive LLC in Belarus was sold on 30 October 2023.

As at 31 December 2023, the Group operates in Russia through its LeasePlan subsidiary with very low residual exposures.

The Group also operates in Ukraine through its ALD Automotive Ukraine Limited Liability Company subsidiary the total balance sheet of which amounts to EUR 82 million as at 31 December 2023.

Offshore exposures

The Group also holds assets on Russian counterparties the volume of which dropped significantly between 31 December 2022 and 31 December 2023 (owing in particular to the disposal of assets but also to customer reimbursements completed without incident). These outstanding loans including the residual exposures on Rosbank (EUR 1.1 billion against EUR 2.1 billion in 2022) have been classified as "sensitive" from the very beginning of the conflict (see Note 3.8) and declassified to Stage 2 of impairment for credit risk or to Stage 3 when necessary.

The consequences of these classifications, as well as the account taken of the new macroeconomic scenarios to determine expected credit losses as at 31 December 2023 are described in Note 3.8.

Furthermore, to take account of these specific risk exposures the Group supplemented the expected credit losses through a post-model adjustment, as described in Note 3.8.

NOTE 1.7 Hyperinflation in Turkey and Ghana

Publications from the Centre for Audit Quality's International Practices Task Force, the usual reference for identifying countries in hyperinflation, show that Turkey and Ghana have been considered hyperinflationary economies since 2022 and 2023 respectively.

Accordingly, the Group applies the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") to prepare the individual financial statements presented in Turkish liras of the ALD Group entities located in Turkey (including the Turkish subsidiary LeasePlan Otomotiv Servis ve Ticaret A.S acquired in the first half of 2023) and the individual financial statements in cedis of the entity Societe Generale Ghana PLC located in Ghana (before their conversion into euro in the frame of the consolidation process) since 1st January 2022 and 1st January 2023 respectively.

The accounts of the SG Istanbul branch have, however, not been restated, their impact being non-material.

Under IAS 29, the accounting value of some balance sheet items measured at cost is adjusted, on the closing date, for the inflation effects observed over the period. In the financial statements of the entities concerned, these adjustments are mainly applied to the tangible assets (including in particular the rented car fleet, buildings), as well as to the different components of equity.

On the date of first application of this hyperinflation treatment, the consideration for these adjustments is recognised in the Group retains earnings and Non-Controlling Investments; on that date, the translation differences on the entities concerned are reclassified to the same balance sheets items. At subsequent closing dates, inflation adjustments for the assets concerned and equity items, as well as for income and expenses for the period, are recognised as income or expenses on foreign exchange transactions under Net gains and losses on financial transactions.

Thus restated, the financial statements are converted to euro based on the exchange rate applicable on the closing date.

On 1 January 2023, in the context of the first implementation of the accounting requirements of IAS 29 for the Societe Generale Ghana PLC entity, the total consolidated shareholders' equity was increased by EUR 21 million, including a reduction in the consolidated reserves of EUR -121.5 million before tax for the different adjustments and the reclassification of the translation differences recorded at that date.

On 31 December 2023, a gain of EUR 122.1 million was recognised in the Net gains and losses on financial transactions from financial adjustments for the period. After taking into account the adjustments of the other income and expense lines of the period, the impact of the restatements for hyperinflation of the consolidated accounting result before tax is EUR 76.9 million.

NOTE 2 CONSOLIDATION

MAKING IT SIMPLE

The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale – Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated accounts bring together the accounts of Societe Generale, its foreign branches and the French and foreign entities over which the Group exercises control, joint control or significant influence.

Consolidated entities

SUBSIDIARIES

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, *i.e.* the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If there are several investors, each with substantive rights that give them the unilateral ability to direct different relevant activities, the investor with that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity designed so that voting rights are not the determining factor in identifying who controls the entity. Such is the case, for example, when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

JOINT ARRANGEMENTS

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

ASSOCIATES

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

Consolidation rules and methods

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare *pro-forma* statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date while the results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

CONSOLIDATION METHODS

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The portion of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the portions of these entities not owned by the Group are recognised as Debt in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method in the consolidated income statement.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the Company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on the disposal of companies accounted for using the equity method are recorded under Net income/expense from other assets.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under Retained earnings, Group share.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is recorded under Retained earnings, Group share.

The costs related to these transactions are recognised directly in equity.

When the Group losses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under Net income/expense from assets in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

Commitments to buy out minority shareholders in fully consolidated subsidiaries

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

NOTE 2.1 Consolidation scope

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope as at 31 December 2023, compared with the scope applicable at the closing date of 31 December 2022, are as follow:

SALE OF SOCIETE GENERALE CONGO

The Group sold the totality of its holding in SG Congo, its Congolese subsidiary. This sale led to a reduction of EUR 0.3 billion in the total Group's balance sheet.

LEASEPLAN ACQUISTION BY ALD

On 22 May 2023, following the approval of ALD's Board of Directors and relevant regulatory authorities' approvals, ALD acquired 100% of LeasePlan for a consideration of EUR 4,897 million. This amount is subject to a contingent additional consideration of an amount up to EUR 235 million in cash, according to the achievements of objectives related to LeasePlan's regulatory ratios particularly.

The consideration includes:

- a cash component: EUR 1,828 million mainly financed *via* a capital increase of EUR 1,212 million in 2022. Societe Generale held 79.82% of ALD's capital prior to this increase. In accordance with its commitment to remain ALD's majority shareholder in the long term, Societe Generale subscribed to new shares for an amount of EUR 803 million representing 66.26% of the capital increase and held, at the end of 2022, 75.94% of ALD;
- a share component: 251,215,332 new ALD shares have been issued, representing 30.75% of ALD capital after the completion of the acquisition, and before the exercise of the attached warrants. The value of this share component amounts to EUR 2,871 million, based on the fair value of ALD's shares of EUR 11.43 at the completion date;
- a warrant component: ALD has issued 26,310,039 warrants attached to ALD's share for the benefit of LeasePlan's selling shareholders, so that their total shareholding could reach 32.91% in case of full exercise of warrants. Their main characteristics are as follows: exercise price of EUR 2.00 per share; parity of 1 warrant for 1 share; and exercisable one to three years after their issuance, if the ALD share price reaches EUR 14.07 per share in the exercise period. The fair value of these warrants' amounted, as at 22 May 2023, EUR 128 million. This value was determined based on a Black & Scholes mathematical valuation model, taking as main assumptions the exercise possible at any time between one and three years; a euro area risk-free interest rate and an assumed historical volatility of the observed ALD share of around 30%. In the Group's financial statements, the warrants attached to shares are recorded in Retained earnings;
- a contingent consideration: estimated by the Group at its fair value of EUR 70 million, as at 31 December 2023. The earn-out mechanism will last until 31 December 2024, subject to an additional 6-month period in certain limited circumstances, with potential payments every quarter. In the Group's financial statements, the contingent consideration is recorded as Other liabilities.

After the completion of the LeasePlan acquisition, Societe Generale remains the majority shareholder of the new combined entity, named Ayvens since 16 October 2023, with a stake of 52.59% (the Group voting interest is 68.97% as at 31 December 2023 due to double voting rights). This stake may be reduced to 50.95% in the event of the exercise of the shares with warrants attached that have been granted to LeasePlan shareholders to allow them to increase their stake up to 32.91% of Ayvens' social capital. As of 31 December 2023, the former LeasePlan shareholders consortium led by TDR Capital holds 30.75% of the combined entity, while the free float represents 16.6%.

Following the completion of the whole transaction, the Ayvens group will remain fully consolidated by the Group.

Details of the purchase price are set out in the table below:

(In EUR m)

Purchase price paid in ALD shares[(1)]	2,871
Fair value of warrants attached to shares	128
Acquisition price paid in ALD equity instruments	**2,999**
Acquisition price paid in cash	**1,828**
Total acquisition price	**4,827**
Contingent consideration	70
Total acquisition price including contingent consideration	**4,897**

(1) o/w 26,310,039 shares with warrants attached.

As at 31 December 2023, subject to any purchase price allocation and/or acquisition price adjustment within one year from closing, the Group has recognised a goodwill of EUR 1,396 million (see Note 2.2).

As a result of the allocation of LeasePlan's purchase price, the assessment of the entity's identifiable assets acquired and liabilities assumed at fair value led the Group to revise upwards the value of LeasePlan's net assets by EUR 230 million.

(In EUR m)	Certified balance sheet at acquisition date	Fair value adjustment	Allocation as at 31 December 2023
Cash, due from central banks	3,812	-	3,812
Customer loans at amortised cost	615	-	615
Net non-current assets and liabilities held for sale[1]	617	33	650
Tangible and intangible fixed assets	23,891	330	24,221
o/w Assets under operating leases	*20,983*	*429*	*21,412*
Debts securities issued	(9,327)	7	(9,320)
Due to bank	(2,687)	(7)	(2,694)
Customer deposits	(11,334)	33	(11,301)
Net tax assets/liabilities	(505)	(64)	(569)
Net other assets and liabilities	(1,298)	(102)	(1,400)
Fair value of assets and liabilities acquired (C)	3,784	230	4,014
Non-controlling interests[2] (B)	513	-	513
Total purchase price (A)	4,897	-	4,897
GOODWILL (A) + (B) - (C)	**1,626**	**(230)**	**1,396**

(1) Amount after elimination of intra-group transactions.
(2) Other equity instruments issued.

As part of the purchase price allocation update, the table above includes mainly the following adjustments to the assets acquired and liabilities assumed disclosed as at 31 December 2023:

Assets/liabilities of LeasePlan	Description of the valuation approach
Asset under operating leases – rental fleet	Fair value of the fleet is obtained by adding the sum of the future discounted cash flows of lease and additional services with the discounted terminal value (residual value of the vehicle which is its expected sales price). The implemented valuation relies on DCF model for each contract and considers regional parameters such as specific tax rates and country risk premia.
Intangible assets – customer relationships of Business to Business segment of LeasePlan	Customer relationships intangible asset has been recognised separately from goodwill and it materialises the loyalty of Business to Business fleet customers to LeasePlan. The valuation is based on Multi-period excess earnings method (M.P.E.E.M.).
Intangibles assets – softwares	In the framework of the valuation, the Group has estimated the cost that would be incurred to develop each domains needed to have a fully functional technology multiplied by a completion rate by domain.

The combined entity is well-positioned to deliver profitable growth drawing on a fleet of around 3.4 million vehicles, including worldwide biggest multi-brand electric vehicle fleet, and a direct presence in 44 countries covering all customers categories.

ALD and LeasePlan serve the same three client segments (large corporates, SMEs, individual consumers), but each of them has specific areas of leadership. LeasePlan has a network of large and very large blue-chip international and national corporate clients and has been particularly strong in this segment in which a customer overlap with ALD is limited. ALD has developed a strong network of partnerships with more than 200 partners across a large spectrum of sectors. It allowed the Company to rapidly develop its presence in the SME and individual consumers segments. This complementarity must offer to the combined entity the best footprint across all segments.

ALD benefits a financing structure and strong credit ratings facilitating efficient access to external funding. LeasePlan relies on its deposit collection platforms in Germany and the Netherlands. The combined entity would therefore have an enlarged funding source base.

The consolidated income of the Group includes the income of LeasePlan's activities from 22 May 2023. As at 31 December 2023, the contribution of LeasePlan's activities amounts to EUR 693 million in net banking income and EUR 24 million in Consolidated net income.

On 22 March 2023, the Group announced that ALD entered into a share agreement to sell its subsidiaries in Ireland, Portugal and Norway, as well as LeasePlan's subsidiaries in Luxembourg, Finland and Czech Republic. These disposals have been initiated to fulfil the commitments made by ALD in the context of the clearance by the European Commission of the acquisition of LeasePlan by ALD, to address concentration risk in the involved countries. As at 31 December 2023, the Group has completed these disposals.

CREATION OF A JOINT VENTURE BY SOCIETE GENERALE AND ALLIANCEBERSTEIN

On 6 February 2023, Societe Generale and AllianceBernstein signed a *Memorandum* of Understanding for the creation of a joint venture combining their cash equities and equity research businesses.

On the date of completion of the transaction, scheduled in the first half of 2024 the joint venture will be organised under two separate legal entities, one focusing on North America and the other on Europe and Asia.

The Group asseses that, in the consolidated statements, the entity responsible for the Europe and Asia activities should be fully consolidated and the entity responsible for the North America activities should be accounted for using the equity method.

Subject to the relevant regulatory approvals, some options might allow Societe Generale to eventually reach 100% ownership in both entities.

NOTE 2.2 Goodwill

MAKING IT SIMPLE

When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value.

But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the Company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.

In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.

However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.

ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations in accordance with IFRS 3 "Business Combinations".

On the acquisition date, the acquisition cost is calculated as the total fair value of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in profit or loss for the period except those related to the issuance of equity or debt instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives. If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. If recognised as equity instruments, these subsequent adjustments are not recorded.

On the acquisition date, as required by IFRS 3, all assets, liabilities, off-balance sheet items and contingent liabilities of this new subsidiary (even if they were not recognised before the combination) are measured individually at their fair value regardless of their purpose. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in profit or loss.

On the acquisition date, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted. On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit (CGU) affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under Value adjustment on goodwill.

As at 31 December 2023, goodwill is split into the following nine CGUs:

Pillars	Activities
French Retail Banking, Private Banking and Insurances	
French Retail Banking and Private Banking	Societe Generale's retail banking network, Boursorama online banking activities, wealth Management Solutions
Insurances	Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradéa Vie and Antarius)
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
International Retail Banking, Mobility and Leasing Services	
Europe	Retail banking in Europe, notably in Czech Republic (KB) and Romania (BRD)
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
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 (Ayvens)
Consumer finance	Consumer finance in Europe including Germany (Hanseatic Bank, BDK), Italy (Fiditalia), and France (CGL)

PERIMETER OF CGUS AS OF 31 DECEMBER 2023

As part of the change in the Group's governance in the second half of 2023, the organisation of the perimeter of CGUs has evolved:

- the CGU Insurances is now attached to the RPBI Pillar (Retail and Private Banking and Insurance);
- the former CGU Europe consisted of the retail banking activities in Europe (KB and BRD) and the consumer finance activities in France (CGL), Germany (Hanseatic Bank and BDK) and Italy (Fiditalia). From now on, two separate CGUs are presented:
  - the CGU Consumer Finance brings together consumer credit activities in France, Germany and Italy. This CGU is now part of the Mobility and Leasing Services operating segment,
  - and the residual CGU Europe including KB and BRD. This CGU remains integrated in the International Retail Banking operating segment.

The table below shows by CGU and by operating segment (Note 8.1) the changes over the year 2023 in the values of goodwill:

(In EUR m)	Value as at 31.12.2022	Acquisitions and other increases	Disposals and other decreases	Transfers	Impairment	Value as at 31.12.2023
French Retail and Private Banking	**1,068**	**81**	**-**	**-**	**-**	**1,149**
French Retail and Private Banking	1,068	81	-	-	-	1,149
Insurances	**334**	**14**	**-**	**-**	**-**	**348**
Insurances	334	14	-	-	-	348
International Banking	**1,473**	**-**	**(4)**	**(528)**	**(110)**	**831**
Europe	1,359	-	-	(528)	-	831
Africa, Mediterranean Basin and Overseas	114	-	(4)	-	(110)	-
Mobility and Leasing Services	**849**	**1,415**	**-**	**528**	**(228)**	**2,564**
Equipment and Vendor Finance	228	-	-	-	(228)	-
Auto Leasing Financial Services(1)	621	1,398	-	-	-	2,019
Consumer finance	-	17	-	528	-	545
Global Markets and Investor Services	**-**	**-**	**-**	**-**	**-**	**-**
Global Markets and Investor Services	-	-	-	-	-	-
Financing and Advisory	**57**	**-**	**-**	**-**	**-**	**57**
Financing and Advisory	57	-	-	-	-	57
TOTAL	**3,781**	**1,510**	**(4)**	**-**	**(338)**	**4,949**

(1) The increase is almost completely related to the acquisition of LeasePlan (see Note 2.1).

IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test on 31 December 2023 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, based on a four-year budget trajectory (2024-2027) extrapolated to 2028, the latter year being used as a "normative" year to calculate the terminal value;
- these estimates consider the equity target allocated to each CGU, in increase compared to 31 December 2022 (12% of the risk-weighted assets of each CGU *versus* 11% for 2022);
- 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 provide 2027 or 2028 forecasts;
- the projected dividends are then discounted based on 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 around 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.

As of 31 December 2023, the specific discount rates and long-term growth rates to the CGUs of the Group's three pillars are as follows:

Assumptions as at 31 December 2023	Discount rate	Long-term growth rate
French Retail Banking and Private Banking	9.6%	2.0%
Insurances	10.2%	2.5%
Global Markets and Investor Services	11.7%	2.0%
Financial Services	10,3%	2.0%
International Retail Banking	11.9% to 13.7%	2.0% to 3.0%
Mobility and Leasing Services	10.5% to 10.6%	2.0%

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

These budgets are based on the following main business and macroeconomic assumptions:

Pillars	
French Retail Banking, Private Banking and Insurances	
French Retail Banking and Private Banking	▪ Ongoing efforts to shift operations and relationship banking at Societe Generale towards a digital model ▪ Consolidation of commercial and operational efficiency in Wealth Management and continued development of synergies with retail banking network ▪ Confirmation of Boursorama's customer acquisition plan to reach more than 8 millions clients in 2026
Insurances	▪ 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
Global Banking and Investor Solutions	
Global Markets and Investor Services	▪ Thanks to the restructuring initiated, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of the use of resources in a standardised market context ▪ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities ▪ Continued of optimisation measures and investments in information systems
Financing and Advisory	▪ Consolidation of origination momentum of financing activities oriented towards capital consumption optimisation ▪ Consolidation of market-leading franchises (commodity and structured financing) and continued RSE business development
International Retail Banking, Mobility and Leasing Services	
Europe	▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ▪ Strict discipline applied to operating expenses and normalisation of cost of risk
Africa, Mediterranean Basin and Overseas	▪ Continued development of Societe Generale's sales network ▪ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives) and gradual reduction cost of risk
Equipment and Vendor Finance	▪ Consolidation of leadership in these corporate financing businesses ▪ Strict discipline applied to operating expenses and scare resources
Auto Leasing Financial Services	▪ Creation of a leading global player in mobility with the integration of LeasePlan ▪ New strategic plan articulated around four priorities: clients, operational efficiency, responsibility and profitability
Consumer Finance	▪ 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

The goodwill on Africa, Mediterranean Basin and Overseas and Equipment and Vendor Finance CGUs was fully written down on 30 September 2023 as a result of the appearance of indications of impairment.

As of 31 December 2023, the CGU impairment tests were carried out on both the old and the new CGUs, to neutralise any structural effect related to the splitting of the CGU Europe into two CGUs (Europe: KB and BRD and Consumer Credit: Fiditalia, Hanseatic Bank, BDK and CGL).

The tests carried out in this way show that the recoverable amount of these CGUs remains higher than their carrying value.

For CGUs, the tests carried out on 31 December 2023 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 6.5% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 2.4% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 8.4% decrease without requiring additional depreciation of any CGU.

NOTE 2.3 Additional disclosures for consolidated entities and investments accounted for using the equity method

This Note provides additional disclosures for entities included in the consolidation scope.

These disclosures concern entities over which Societe Generale exercises exclusive control, joint control or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance of the impact is considered in particular regarding Group consolidated total assets and gross operating income.

NOTE 2.3.1 CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches; and
- asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

The Group has entered into contractual agreements with certain consolidated structured entities that may lead to financial support for these entities due to their exposure to credit, market or liquidity risks.

The Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as of 31 December 2023, does not intend to provide such support.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by the issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As at 31 December 2023, the amount of outstanding loans thus guaranteed is EUR 55.4 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants two liquidity lines to ABCP (Asset Back Commercial Paper) conduits for a total amount for EUR 28.3 billion as at 31 December 2023.

NOTE 2.3.2 NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group, as well as the share of income and accumulated reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amount to EUR 10,272 million as at 31 December 2023 (versus EUR 6,356 million as at 31 December 2022) and account for 13% of total shareholders' equity as at 31 December 2023 (versus 9% as at 31 December 2022).

INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

(In EURm)	31.12.2023	31.12.2022 R
Capital and reserves	9,095	5,733
Other equity instruments issued by subsidiaries (see Note 7.1)	1,300	800
Unrealised or deferred gains and losses	(123)	(177)
TOTAL	**10,272**	**6,356**

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komercni Banka A.S., BRD – Groupe Societe Generale S.A. and SG Marocaine de Banques;
- ALD and Leaseplan, whose data presented here correspond to those of the AYVENS group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

	31.12.2023				
(In EURm)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
KOMERCNI BANKA A.S.	60.73%	60.73%	247	1,881	(185)
BRD – GROUPE SOCIETE GENERALE S.A.	60.17%	60.17%	126	681	(48)
GROUPE AYVENS	68.97%	52.59%	353	5,324	(186)
SG MAROCAINE DE BANQUES	57.67%	57.67%	49	545	(14)
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities			148	1,012	(103)
TOTAL			**956**	**10,272**	**(569)**

	31.12.2022 R				
(In EURm)	Group voting interest	Group ownership interest	Net income attributable to non-controlling interests	Total non-controlling interests	Dividends paid during the year to holders of non-controlling interests
KOMERCNI BANKA A.S.	60.73%	60.73%	276	1,875	(297)
BRD – GROUPE SOCIETE GENERALE S.A.	60.17%	60.17%	107	530	(205)
GROUPE ALD	75.94%	75.94%	251	1,681	(97)
SG MAROCAINE DE BANQUES	57.67%	57.67%	41	500	(12)
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities			223	941	(143)
TOTAL			**931**	**6,356**	**(787)**

SUMMARISED FINANCIAL INFORMATION FOR MAIN NON-CONTROLLING INTERESTS

The information below are the data of the entities or subgroups (excluding Sogécap) taken at 100% and before the elimination of intra-group operations.

	31.12.2023			
(In EURm)	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S.	1,448	640	489	60,369
BRD – GROUPE SOCIETE GENERALE S.A.	752	332	502	16,361
GROUPE AYVENS	3,317	1,907	1,921	80,488
SG MAROCAINE DE BANQUES	475	120	144	10,425

	31.12.2022 R			
(In EURm)	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S.	1,523	715	793	53,209
BRD – GROUPE SOCIETE GENERALE S.A.	667	272	(64)	14,449
GROUPE ALD	2,632	1,268	1,350	57,881
SG MAROCAINE DE BANQUES	445	102	39	10,169

NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES AND JOINT VENTURES

	Joint ventures		Associates		Total investments accounted for using the equity method	
(In EURm)	2023	2022	2023	2022	2023	2022
Group share:						
Net income	7	6	16	9	24	15
Unrealised or deferred gains and losses (net of tax)	-	-	-	-	-	-
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES	**7**	**6**	**16**	**9**	**24**	**15**

COMMITMENTS TO RELATED PARTIES FOR ASSOCIATES AND JOINT VENTURES

As at 31 December 2023, the Group has no commitments with related parties linked to associates and joint ventures.

NOTE 2.3.4 SIGNIFICANT RESTRICTIONS ON THE ABILITY TO ACCESS OR USE THE ASSETS OF THE GROUP

Legal, regulatory, statutory or contractual constraints or requirements may restrict the ability of the Group to transfer assets freely to or from entities within the Group.

The ability of consolidated entities to distribute dividends or to grant or repay loans and advances to entities within the Group depends on, among other things, local regulatory requirements, statutory reserves and financial and operating performance. Local regulatory requirements may concern regulatory capital, exchange controls or non-convertibility of the local currency (as it is the case in countries belonging to the West African Economic and Monetary Union or to the Economic and Monetary Community of Central Africa), liquidity ratios (as in the United States) or large exposures ratios that aim to cap the entity's exposure in relation to the Group (regulatory requirement to be fulfilled in most countries in Eastern and Central Europe, Maghreb and sub-Saharan Africa). Since May 2022, Russia published legislation providing for temporary restrictions and a special procedure on cash and capital movements initiated by Russian limited companies in favour of their foreign stakeholders related to "unfriendly countries".

The ability of the Group to use assets may also be restricted in the following cases:

- assets pledged as security for liabilities, notably guarantees provided to the central banks, or assets pledged as security for transactions in financial instruments, mainly through guarantee deposits with clearing houses;
- securities that are sold under repurchase agreements or that are lent;
- assets held by insurance subsidiaries in representation of unit-linked liabilities with life-insurance policyholders;
- assets held by consolidated structured entities for the benefit of the third-party investors that have bought the notes or securities issued by the entity;
- mandatory deposits placed with central banks.

NOTE 2.4 Unconsolidated structured entities

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicles).

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

NOTE 2.4.1 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments regardless of their rank of subordination;
- other funding (loans, cash facilities, loan commitments, liquidity facilities);
- credit enhancement (guarantees, subordinated instruments, credit derivatives…);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

	Asset financing		Asset management		Others	
(In EUR m)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Total balance sheet(1) of the entity	**4,799**	**5,898**	**19,509**	**18,090**	**11,740**	**23,085**
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	**2,664**	**2,646**	**769**	**2,579**	**8,044**	**8,719**
Financial assets at fair value through profit or loss	156	138	647	2,377	557	1,181
Financial assets at fair value through other comprehensive income	-	-	-	-	-	51
Financial assets at amortised cost	2,505	2,503	122	43	7,487	7,486
Others	3	5	-	159	-	1
Liabilities	**1,356**	**1,419**	**784**	**2,941**	**2,147**	**1,410**
Financial liabilities at fair value through profit or loss	105	99	422	2,530	456	175
Due to banks and customer deposits	1,159	1,257	294	384	1,635	1,235
Others	92	63	68	27	56	-

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

The Group may grant to these entities repayable advances related to the establishment of working capital, which remain insignificant.

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2023, does not intend to provide such support.

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

	Asset financing		Asset management		Others	
(In EUR m)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Amortised cost or fair value (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	2,633	2,538	2,395	4,340	514	1,932
Fair value of derivative financial assets recognised in the balance sheet	42	59	484	620	69	346
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	574	367	734	112	1,382	1,498
Maximum exposure to loss	**3,249**	**2,964**	**3,613**	**5,072**	**1,965**	**3,776**

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 1,006 million and mainly concern Asset financing.

NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular *via* capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

As at 31 December 2023, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 4,356 million.

In 2023, no significant revenue has been recognised for theses structured entities.

NOTE 2.5 Non-current assets held for sale and related debt

ACCOUNTING PRINCIPLES

A non-current asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered through a sale and not through its continuing use. For this classification to apply, the asset or group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group of assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be measured at a price that is reasonable in relation to its current fair value.

Assets and liabilities into this category are classified as Non-current assets held for sale and Non-current liabilities held for sale, with no netting.

If the fair value less selling costs of non-current assets and groups of assets and liabilities held for sale is less that their net carrying value, an impairment is then recognised in profit or loss. Moreover, Non-current assets held for sale are no longer amortised or depreciated.

(In EUR m)	31.12.2023	31.12.2022
Assets	**1,763**	**1,081**
Fixed assets and Goodwill	122	839
Financial assets	1,335	95
Financial assets at fair value through profit or loss	*4*	*-*
Securities at the amortised cost	*350*	*-*
Due from banks	*20*	*93*
Customer loans	*961*	*2*
Other assets	306	147
Liabilities	**1,703**	**220**
Allowances	44	-
Financial liabilities	1,609	57
Financial liabilities at fair value through profit or loss	*-*	*1*
Due to banks	*42*	*56*
Customer deposits	*1,542*	*-*
Subordinated debt	*25*	*-*
Other liabilities	50	163

As on 31 December 2023, the Non-current assets held for sale and Non-current liabilities held for sale items encompass the assets and liabilities related to subsidiaries Societe Generale de Banques en Guinée Équatoriale, Societe Generale Mauritanie, Societe Generale Tchad and Societe Generale Burkina Faso.

NOTE 3 FINANCIAL INSTRUMENTS

MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

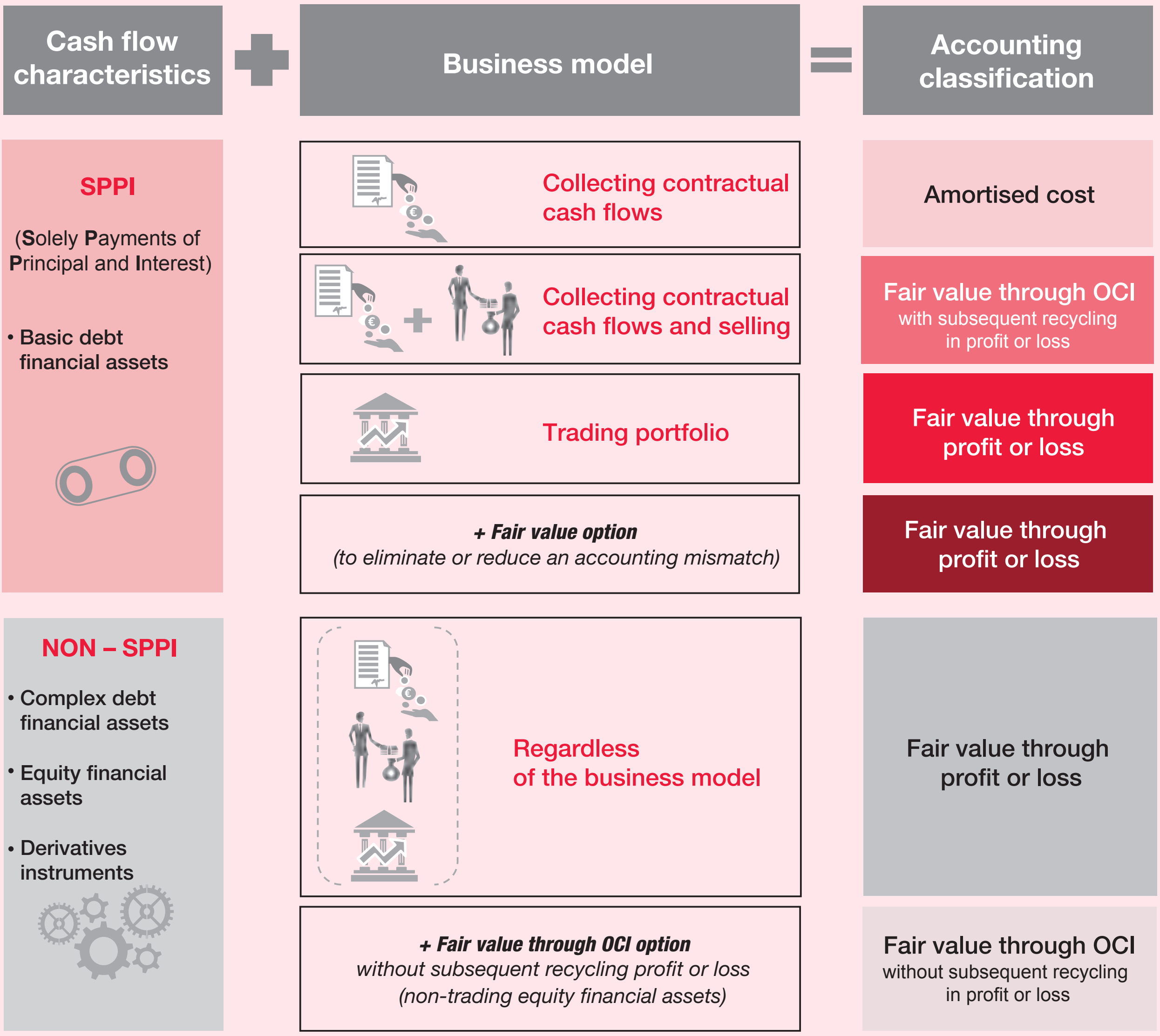
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

Classification of financial assets

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



The accounting principles for classifying the financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

ANALYSIS OF CONTRACTUAL CASH FLOW CHARACTERISTICS

The aim of the analysis of contractual cash flow characteristics is to limit the option of recognising revenues from financial assets using the effective interest method exclusively to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

The contractual inflows that represent Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision on a security-by-security basis, to classify and measure any equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends on these instruments will be recognised as income).

ANALYSIS OF THE BUSINESS MODEL

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's Management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows on financial assets and selling these financial assets ("Collect and Sell" business model);
- a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

FAIR VALUE OPTION

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of the related financial assets and liabilities (accounting mismatch).

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

Reclassifications of financial assets

Reclassifications of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

These reclassifications are applied prospectively (no restatement of previously recognised profits, losses or interests).

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

Initial recognition

Financial assets are recognised on the balance sheet:

- as at the settlement/delivery date for securities;
- as at the trade date for derivatives;
- as at the disbursement date for loans.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in net income or in other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

Upon initial recognition, the financial assets and liabilities are measured at fair value including the transaction costs directly attributable to their acquisition or issuance (except for the financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement).

If the initial fair value is exclusively based on observable market data, any difference between the fair value and the transaction price, *i.e.* the sales margin, is immediately recognised in profit or loss. However, if one of the valuation inputs is not observable or if the used valuation model is not recognised by the market, the recognition of the sales margin is then generally deferred in profit or loss.

For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of an early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is then recognised in profit or loss (see Note 3.4.7).

Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all of the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all of the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the transfer of the asset. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in said asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in profit or loss on the prepayment date in Interest and similar income.

The Group derecognises all or part of a financial liability when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

Foreign exchange transactions

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised under Net gains and losses on financial instruments at fair value through profit or loss.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under Net gains and losses on financial instruments at fair value through profit or loss (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.2).

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity's functional currency at the prevailing spot exchange rate. Foreign exchanges losses or gains are recognised either in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss, or under other comprehensive income (Unrealised and deferred gains and losses), depending on the accounting of the gains or losses relative to these assets/liabilities.

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the entity's functional currency at the historical exchange rate on initial recognition.

TREATMENTS OF THE CHANGES IN THE BASIS FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS AND LIABILITIES – IBOR REFORM

In the context of the reference interest rates reform (IBOR reform) the basis for determining the contractual cash flows of a financial asset or liability may be modified:

- either by amending the contractual terms and conditions set during the initial recognition of the financial instrument (example: when the agreement is renegotiated, the contractual terms and conditions are amended to replace the initial reference interest rate by an alternative one);
- either by applying the appropriate external disposals without requiring a change in contractual terms (example: the adoption of European regulations requiring the migration of all contracts still indexed to Libor CHF and Eonia in the European Union respectively on 1 January and 3 January 2022);
- or as a result of the activation of an existing contractual term or condition (example: application of the contractual rate replacement provision, or “Fallback”).

If, in the context of the reference interest rates reform (IBOR reform), there is a change in the basis for determining the contractual cash flows of a financial asset or liability at amortised cost or of a financial asset at fair value through other comprehensive income, the modification is considered a simple forward-looking update of the interest rate applied to determine the interest income or expense and does not generate a gain or loss in the income statement.

This treatment depends on compliance with the following conditions:

- a change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

The cases giving rise to a new basis for determining the contractual cash flows considered economically equivalent to the former basis are, for example:

- the replacement of an existing reference interest rate used to determine the contractual cash flows of a financial asset or liability by an alternative reference interest rate (or by changing the method used to determine the reference interest rate in question) and the addition of a fixed spread necessary to compensate for the difference in basis between the existing reference interest rate and the alternative one;
- the addition of a Fallback provision to the contractual terms and conditions of a financial asset or liability to allow for the implementation of the changes described above;
- changes in the determination of the amount of interest resulting from the use of a new reference interest rate (rate revision procedure, number of days between interest payment dates…).

Changes to a financial asset or liability, in addition to those deriving directly from the application of the IBOR reform, are treated according to the principles usually applicable to changes in financial instruments.

METHOD OF ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Group has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations (in France, for example, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding), or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Some loans are prepayable at their current fair value, while others can be prepayable at an amount that includes the fair value cost to terminate an associated hedging swap. It is possible to consider such prepayment amounts as SPPI provided that they reflect the effect of changes in the relevant benchmark interest rate.

Basic financial assets (SPPI) are debt instruments which mainly include:

- fixed-rate loans;
- variable-rate loans that can include caps or floors;
- fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities);
- securities purchased under resale agreements (reverse repos);
- guarantee deposits paid;
- trade receivables.

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum (*de minimis* character of their variability).

Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.);
- structured instruments whose cash flows are indexed, in part or in whole, to a benchmark index.

The Basic financial assets (SPPI) held by the Group include the financing of sustainable development projects (labelled Environment Social and Governance) in the form of Sustainability-linked bonds, social bonds and Green bonds with SPPI-compliant contractual cash flows.

Non-basic financial assets (non-SPPI) include the structured instruments whose cash flows are indexed, in whole or in part, to an index that is not specific to the issuer, such as an ESG market index.

Impact loans have been granted by the Group to support enterprises in their Sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). At the end of 2023, the outstanding amount of impact loans valued at amortised cost reached approximately EUR 6 billion and came jointly with financing commitments of EUR 24 billion. The Sustainability objectives set can be, for example, the reduction of greenhouse gas emissions, the development of cultivated areas with alternatives to synthetic plant protection products, the increase in the representation of women in management bodies, the reduction of water use. As a result of their analysis, these loans have been classified as basic financial assets (SPPI) provided that their flows meet the SPPI criteria and the ESG component fulfills the *de minimis* criterion.

During the second half of 2022, the IASB decided to propose amendments to the IFRS 9 “Implementation Guidance” regarding classification as SPPI as well as new information to be disclosed for the financial instruments whose contractual conditions may change the timetable or the amount of contractual cash flows depending on a potential event. The objective of the project is to clarify how the SPPI qualification criteria apply to financial assets with ESG factors or similar characteristics. Societe Generale followed the IASB proposals included in the exposure draft published in 2023. To date, these proposals will not significantly change the classification of the assets concerned.

When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a "look-through approach" to identify the underlying instruments that are creating the cash flows.

Following the initial application of IFRS 9 by insurance subsidiaries (see. Note 1). the data shown in Note 3 include those relating to the financial instruments entered into by these subsidiaries.

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE FIRST IFRS 9 APPLICATION BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

		Reclassifications					Adjustment of book value related to investments		
(In EURm)	31.12.2021	of available for-sale financial assets	of non-SPPI loans and receivables	others	of financial liabilities of insurance activities	Reclassified balances	Reclassification effects	01.01.2022 R	31.12.2022 R
Financial assets at fair value through profit or loss									
Trading portfolio	319,789			211		320,000	61	320,061	310,945
Financial assets measured mandatory at fair value through profit or loss	21,356	15,879	2,085	70,550		109,870	152	110,022	101,602
Financial instruments measured at fair value through profit or loss using the fair value option	1,569			15,065		16,634		16,634	14,604
TOTAL	**342,714**	**15,879**	**2,085**	**85,826**	**-**	**446,504**	**213**	**446,717**	**427,151**
Financial liabilities at fair value through profit or loss									
Trading portfolio	243,112				520	243,632		243,632	235,433
Financial liabilities measured mandatory at fair value through profit or loss	64,451				3,620	68,071		68,071	68,742
TOTAL	**307,563**	**-**	**-**	**-**	**4,140**	**311,703**	**-**	**311,703**	**304,175**

OVERVIEW

	31.12.2023		31.12.2022 R	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Trading portfolio	366,087	281,335	310,945	235,433
Financial assets measured mandatorily at fair value through profit or loss	114,651		101,602	
Financial instruments measured at fair value through profit or loss using the fair value option	15,144	94,249	14,604	68,742
TOTAL	**495,882**	**375,584**	**427,151**	**304,175**
o/w securities purchased/sold under resale/repurchase agreements	*159,119*	*139,145*	*122,786*	*103,365*

NOTE 3.1.1 TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading book contains the financial assets and liabilities held or accrued for the purpose of capital markets activities.

This portfolio also includes, among other trading assets, the physical stocks of raw materials that the Group might hold a market-maker on commodity derivatives.

Derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value as at the closing date and recognised in the balance sheet under Financial assets or liabilities at fair value through profit or loss. The changes in fair value and revenues associated to those instruments are recorded in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired for the purpose of selling or repurchasing it in the near term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Global market activities
The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.

It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.

Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 3.1.2).

ASSETS

(In EURm)	31.12.2023	31.12.2022 R
Bonds and other debt securities	39,427	26,022
Shares and other equity securities	71,694	74,404
Securities purchased under resale agreements	159,073	122,752
Trading derivatives[(1)]	83,535	76,775
Loans, receivables and other trading assets	12,358	10,992
TOTAL	**366,087**	**310,945**
o/w securities lent	*14,509*	*12,455*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In EURm)	31.12.2023	31.12.2022 R
Amounts payable on borrowed securities	42,483	51,101
Bonds and other debt instruments sold short	7,306	5,186
Shares and other equity instruments sold short	2,091	1,244
Securities sold under repurchase agreements	137,019	102,673
Trading derivatives[1]	89,803	72,656
Borrowings and other trading liabilities	2,633	2,573
TOTAL	**281,335**	**235,433**

(1) See Note 3.2 Financial derivatives.

NOTE 3.1.2 FINANCIAL INSTRUMENTS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments);
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These assets are recorded at fair value in the balance sheet under Financial assets at fair value through profit or loss and changes in the fair value of these instruments (excluding interest income) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss.

(In EURm)	31.12.2023	31.12.2022 R
Bonds and other debt securities	30,677	22,413
Shares and other equity securities	68,691	62,756
Loans, receivables and securities purchased under resale agreements	15,283	16,433
TOTAL	**114,651**	**101,602**

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(In EURm)	31.12.2023	31.12.2022 R
Short-term loans	1,360	1,897
Equipment loans	10,052	11,338
Other loans	3,871	3,198
TOTAL	**15,283**	**16,433**

The loans, 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 with indexation clauses that do not qualify them as basic loans (SPPI).

NOTE 3.1.3 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS USING FAIR VALUE OPTION

ACCOUNTING PRINCIPLES

In addition to the financial assets and liabilities held for trading, and the financial assets measured mandatorily at fair value through profit or loss, the same items in the financial statements include the non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in profit or loss under Net gains or losses on financial instruments at fair value through profit or loss, except the share related to the Group's own credit risk on financial liabilities which is booked under Unrealised or deferred gains and losses.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, any gains and losses, related to the Group's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

ASSETS

(In EURm)	31.12.2023	31.12.2022 R
Bonds and other debt securities	13,821	13,369
Loans, receivables and securities purchased under resale agreements	68	55
Separate assets for employee benefits plans(1)	1,255	1,180
TOTAL	**15,144**	**14,604**

(1) Including, as at 31 December 2023, EUR 1,076 million of separate assets for defined post-employment benefits compared to EUR 1,002 million as at 31 December 2022 (see Note 5.1.2).

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.

	31.12.2023		31.12.2022 R	
(In EURm)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	94,249	99,500	68,742	70,288

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated an equity loss of EUR 257 million before tax. As at 31 December 2023, the total amount of changes in fair value attributable to own credit risk represents a total gain of EUR 68 million before tax.

NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EURm)	2023	2022 R
Net gain/loss on trading portfolio (excluding derivatives)	8,844	(5,644)
Net gain/loss on financial instruments at fair value through profit or loss[1]	6,272	(9,135)
Net gain/loss on financial instruments measured using fair value option	(4,793)	3,715
Net gain/loss on derivative instruments	(1,310)	12,353
Net gains/loss on hedging instruments[2]	169	(237)
Net gain/loss on fair value hedging derivatives	*3,141*	*(16,246)*
Revaluation of hedged items attributable to hedged risks[3]	*(2,973)*	*16,019*
Ineffective cut of the cash flow hedges	*1*	*(10)*
Net gain/loss on foreign exchange transactions	1,145	(8)
TOTAL[4]	**10,327**	**1,044**
o/w gains on financial instruments at fair value through other comprehensive income	*1,148*	*1,181*

(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.

(4) Including EUR +5,638 million for insurance subsidiaries in 2023 (EUR -5,683 million in 2022). This amount shall be understood taking into account the financial income and expenses of the insurance contracts (see Note 4.3, Detail of performance of insurance activities).

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

NOTE 3.2 Financial derivatives

MAKING IT SIMPLE

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating…), as are their forms (forward contracts, swaps, calls and puts…).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the hedge accounting method allows for the linking of the fair value adjustment of hedging derivatives with the accounting treatment of the transactions and hedged instruments in order to eliminate or reduce volatility in the income statement.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to a change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives, unless they are designated as hedging instruments for accounting purposes.

Special case – derivatives having Societe Generale shares as their underlying instrument

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward purchases of Societe Generale shares, a debt is recognised for the value of the notional amount with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions. The host contract is classified under one of the financial liability categories measured at amortised cost.

NOTE 3.2.1 TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Changes in the fair value of financial derivatives involving counterparties that subsequently proved to be in default are recorded under Net gains and losses on financial instruments at fair value through profit or loss until the termination date of these instruments. On this termination date, the receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under Cost of credit risk in the income statement.

FAIR VALUE

	31.12.2023		31.12.2022 R	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	42,479	38,681	35,004	23,784
Foreign exchange instruments	18,805	20,025	24,272	25,324
Equities and index Instruments	19,772	28,612	15,517	21,209
Commodities Instruments	84	208	199	154
Credit derivatives	1,986	963	1,756	1,404
Other forward financial instruments	409	1,314	27	781
TOTAL	**83,535**	**89,803**	**76,775**	**72,656**

The Group uses credit derivatives in the management of its corporate credit portfolio, primarily to reduce individual, sectorial and geographical concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2023	31.12.2022 R
Interest rate instruments	**10,688,510**	**9,804,009**
Firm instruments	8,733,370	8,002,813
Swaps	*6,927,744*	*6,416,536*
FRAs	*1,805,626*	*1,586,277*
Options	1,955,140	1,801,196
Foreign exchange instruments	**4,515,280**	**4,163,080**
Firm instruments	3,389,444	3,047,062
Options	1,125,836	1,116,018
Equity and index instruments	**924,940**	**794,584**
Firm instruments	143,886	138,533
Options	781,054	656,051
Commodities instruments	**19,471**	**20,714**
Firm instruments	13,723	20,472
Options	5,748	242
Credit derivatives	**133,748**	**170,225**
Other forward financial instruments	**25,456**	**28,066**
TOTAL	**16,307,405**	**14,980,678**

NOTE 3.2.2 HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (shares and other equity securities) do not qualify for hedge accounting regardless of their accounting category.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments to be hedged.

To designate an instrument as a hedging derivative, the Group documents the hedging relationship in detail, from inception. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under Hedging derivatives.

Fair value hedges

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income/Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for the gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed *via* a sensitivity analysis based on probable market trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

Cash flow hedges

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed interest rates, future exchange rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The prospective effectiveness of the hedge is assessed *via* a sensitivity analysis based on probable market input trends or *via* a regression analysis of the statistical relationship (correlation) between the hedged risk component and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

The changes in fair value of the hedging financial instruments are recorded directly as Unrealised or deferred gains and losses for their effective portion, while the ineffective portion is recognised under Net gains and losses on financial instruments at fair value through profit or loss. With regard to interest rate derivatives, the portion corresponding to the rediscount of the derivative financial instrument is recorded in the income statement under Interest and similar income/Interest and similar expense symmetrically to the interest income or expense related to the hedged item.

The gains or losses, realised or unrealised, accumulated directly in equity for the effective portion of these changes in value, are carried in equity to be recycled in the income statement when the expected hedged cash flows impact the income statement. With regard to the hedging flows related to a variable-rate financial instrument recorded on the balance sheet, recycling is done as and when the hedged interest income or expenses are recognised in the income statement. In the case of hedging of future transactions, if it is the future sale of a financial instrument, recycling takes place on the date when the sold instrument is derecognised; if the transaction is settled through the recognition on the balance sheet of a financial instrument, the gains or losses accumulated in equity are carried in it, before being recycled in the income statement at the same pace as the hedged cash flows generated by the instrument then recognised on the balance sheet.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold or if the future transaction hedged is no more probable, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be expected, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

The purpose of a hedging of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The hedge of a net investment in a foreign operation follows the same accounting principles as the cashflow hedge relationships. Thus, the effective portion of the changes in fair value of a hedging derivative designated for accounting purposes as the hedge of a net investment is recognised in equity under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement under Gains and losses on financial instruments at fair value through profit or loss.

Portfolio hedges (macro-hedge)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities.

In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges, depending on the Group entities.

Group entities documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, apply the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss.

Group entities documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, acro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Group result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

TREATMENT OF THE CHANGES IN THE BASIS USED FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF THE COMPONENTS OF A HEDGING RELATIONSHIP – IBOR REFORM

NON-DISCONTINUATION OF HEDGING RELATIONSHIPS

The documentation of the existing hedging relationships shall be updated to reflect the changes brought about by the reform of the reference interest rate (IBOR reform) on the basis for determining the contractual cash flows of the hedged items and/or of the hedging instruments.

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge as long as they meet the following conditions:

- the change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

When those conditions are met, the update of the hedging documentation only consist in:

- designate the alternative reference interest rate (contractually or non-contractually specified) as a hedged risk;
- update the description of the hedged item, including a description of the hedged portion of cash flows or of the fair value;
- update the description of the hedging instrument;
- update the description of the method used to assess the effectiveness of the hedge.

These updates are performed as and when changes are made to the hedged items or the hedging instruments but before the end of the reporting period during which the change was made; an accounting hedge may be updated several successive times.

Changes not directly resulting from the application of the IBOR reform and impacting the basis used for determining the contractual cash flows of the hedging relationship components or the hedging documentation are analysed beforehand in order to confirm compliance with the qualifying criteria for hedge accounting.

SPECIFIC ACCOUNTING TREATMENTS

Regarding fair value hedges and cash flow hedges, the applicable accounting requirements remain unchanged for the recognition of gains and losses resulting from the reassessment of the hedged component and the hedging instrument taking account of the changes described above.

For the purpose of the retrospective effectiveness assessment, the cumulative fair value changes may be reset to zero on a case by case basis for each hedging relationship modified.

With regard to hedged cash flows, when the benchmark rate on which the future hedged cash flows were based changes, the amounts of gains or losses recorded for the hedging instrument are carried in equity until the recording in the income statement of the adjusted hedged cash flows as long as the transaction remains highly probable.

An alternative reference interest rate used as a risk component not specified by an agreement (example, a three 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

	31.12.2023		31.12.2022 R	
(In EURm)	Assets	Liabilities	Assets	Liabilities
Fair value hedge	**10,113**	**18,182**	**32,272**	**45,539**
Interest rate instruments	10,112	18,181	32,252	45,538
Foreign exchange instruments	1	1	20	1
Equity and index Instruments	-	-	-	-
Cash flow hedge	**321**	**475**	**469**	**511**
Interest rate instruments	309	394	420	443
Foreign exchange instruments	5	56	43	51
Equity and index Instruments	7	25	6	17
Net investment hedge	**151**	**51**	**230**	**114**
Foreign exchange instruments	151	51	230	114
TOTAL	**10,585**	**18,708**	**32,971**	**46,164**

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

As part of its structural interest rate risk management, the Group has adjusted the level of hedging of the fixed rate liabilities (*i.e.*, customer deposits). While fixed-rate receiver swaps were contracted to hedge the interest rate risk, fixed-rate payer swaps were used to reduce the hedge. Under IAS 39, these instruments were designated as portfolio hedging instruments (macro hedge accounting). In 2023, the Group transferred to a trading portfolio both the swaps taken out to reduce the macro-hedge and the corresponding initial hedging swaps (receiver interest rate). The tables in this note include the effect of this reclassification. The remaining negative cumulative remeasurement adjustment to be amortised over the residual life of the hedged instruments as at 31 December 2023, resulting from discontinued hedges corresponding to the swaps transferred to the trading portfolio, reduces liabilities by EUR 1,858 million.

As at 31 December 2023, the revaluation differences on macro-hedged fixed-rate assets portfolios and fixed-rate liabilities portfolios are still negative as a result of the high interest rate environment. On the asset side of the balance sheet, the revaluation difference on portfolios hedged against interest rate risk amounts to EUR -433 million as at 31 December 2023 (compared to EUR -2,262 million as at 31 December 2022); and on the liabilities side, the revaluation differences on portfolios hedged against interest rate risk amounts to EUR -5,857 million as at 31 December 2023 (against EUR -9,659 million as at 31 December 2022).

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2023	31.12.2022 R
Interest rate instruments	**668,657**	**862,372**
Firm instruments	668,657	862,030
Swaps	*523,652*	*729,222*
FRAs	*145,005*	*132,808*
Options	-	342
Foreign exchange instruments	**8,355**	**8,333**
Firm instruments	8,355	8,333
Equity and index instruments	**226**	**179**
Firm instruments	226	179
TOTAL	**677,238**	**870,884**

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

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

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31.12.2023
Interest rate instruments	69,087	203,984	264,416	131,170	668,657
Foreign exchange instruments	1,865	5,148	1,328	14	8,355
Equity and index instruments	65	35	125	1	226
TOTAL	**71,017**	**209,167**	**265,869**	**131,185**	**677,238**

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2023		
(In EURm)	Carrying amount	Cumulative change in the fair value[2]	Change in the fair value booked during the period[3]
Hedge of interest rate risk			**(2,973)**
Hedged assets	97,107	(189)	3,111
Due from banks, at amortised cost	*1,382*	*(56)*	*45*
Customer loans, at amortised cost	*8,016*	*(145)*	*160*
Securities at amortised cost	*2,391*	*(59)*	*202*
Financial assets at fair value through other comprehensive income	*26,455*	*504*	*971*
Customer loans (macro hedged)[1]	*58,863*	*(433)*	*1,733*
Hedged liabilities	166,359	(10,743)	(6,084)
Debt securities issued	*41,632*	*(2,666)*	*(1,756)*
Due to banks	*20,426*	*(1,082)*	*(850)*
Customer deposits	*13,856*	*(3)*	*(83)*
Subordinated debts	*10,815*	*(1,135)*	*(280)*
Customer deposits (macro hedged)[1]	*79,630*	*(5,857)*	*(3,115)*
Hedge of currency risk			**1**
Hedged liabilities	195	1	1
Subordinated debts	*195*	*1*	*1*
Hedge of equity risk			**(0)**
Hedged liabilities	2	(0)	(0)
Other liabilities	*2*	*(0)*	*(0)*
TOTAL			**(2,972)**

	31.12.2022 R		
(In EURm)	**Carrying amount**	**Cumulative change in the fair value**[2]	**Change in the fair value booked during the period**[3]
Hedge of interest rate risk			**16,019**
Hedged assets	86,051	(3,613)	(4,637)
Due from banks, at amortised cost	*1,282*	*(100)*	*(102)*
Customer loans, at amortised cost	*8,074*	*(316)*	*(638)*
Securities at amortised cost	*1,827*	*(257)*	*(100)*
Financial assets at fair value through other comprehensive income	*27,502*	*(678)*	*(1,654)*
Customer loans (macro hedged)[1]	*47,366*	*(2,262)*	*(2,143)*
Hedged liabilities	201,845	(17,353)	20,656
Debt securities issued	*43,501*	*(4,195)*	*4,354*
Due to banks	*18,744*	*(1,933)*	*2,034*
Customer deposits	*10,341*	*(90)*	*197*
Subordinated debts	*13,434*	*(1,476)*	*1,760*
Customer deposits (macro hedged)[1]	*115,825*	*(9,659)*	*12,311*
Hedge of currency risk			**(1)**
Hedged liabilities	192	2	(1)
Subordinated debts	*192*	*2*	*(1)*
Hedge of equity risk			**(0)**
Hedged liabilities	4	(0)	(0)
Other liabilities	*4*	*(0)*	*(0)*
TOTAL			**16,018**

(1) The carrying amount of the macro-hedged items represents the sum of the hedged outstanding and the revaluation differences on portfolios hedged against interest rate risk.

(2) The cumulative change in fair value is taken into account excluding accrued interest for the items hedged against interest rate risk. The amount shown also includes the fair value adjustment remaining to be amortised on the items for which the hedging relationship has been derecognised.

(3) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedging instrument. This change is excluding accrued interests for the items hedged against interest rate risk.

As at 31 December 2023, EUR 1,773 million of cumulative fair value change remains to be amortised following the termination of hedging relationships, including €1,858 million of cumulative fair value remaining to be amortised relating to the transfer of swaps to the transaction portfolio as at 31 December 2023 presented above.

BREAKDOWN OF HEDGING INSTRUMENTS

(In EURm)	31.12.2023				
	Commitments (notional amounts)	Fair value(2)		Change in fair value booked during the period	Ineffectiveness recognised during the period
		Asset	Liabilities		
Hedge of interest rate risk	**274,565**	**10,112**	**18,181**	**3,141**	**168**
Firm instruments – Swaps	274,565	10,112	18,181	3,141	168
For hedged assets	*36,665*	*1,538*	*1,794*	*(1,351)*	*27*
For hedged portfolios of assets (macro hedge)(1)	*56,723*	*1,585*	*1,041*	*(1,807)*	*(75)*
For hedged liabilities	*96,289*	*1,360*	*5,822*	*3,096*	*128*
For hedged portfolios of liabilities (macro hedge)(1)	*84,888*	*5,629*	*9,524*	*3,203*	*88*
Options	-	-	-	-	-
For hedged portfolios of assets (macro hedge)(1)	-	-	-	-	-
Hedge of currency risk	**195**	**1**	**1**	**(1)**	**-**
Firm instruments	195	1	1	(1)	-
For hedged liabilities	*195*	*1*	*1*	*(1)*	-
Hedge of equity risk	**4**	**0**	**0**	**0**	**(0)**
Options	4	0	0	0	(0)
For hedged liabilities	*4*	*0*	*0*	*0*	*(0)*
TOTAL	**274,764**	**10,113**	**18,182**	**3,140**	**168**

(In EURm)	31.12.2022 R				
	Commitments (notional amounts)	Fair value(2)		Change in fair value booked during the period	Ineffectiveness recognised during the period
		Asset	Liabilities		
Hedge of interest rate risk	**314,235**	**32,252**	**45,538**	**(16,246)**	**(227)**
Firm instruments – Swaps	313,893	32,215	45,538	(16,251)	(227)
For hedged assets	*37,495*	*2,187*	*1,259*	*2,432*	*(62)*
For hedged portfolios of assets (macro hedge)(1)	*45,575*	*2,811*	*712*	*2,200*	*61*
For hedged liabilities	*105,049*	*825*	*8,235*	*(8,621)*	*(274)*
For hedged portfolios of liabilities (macro hedge)(1)	*125,774*	*26,392*	*35,332*	*(12,262)*	*48*
Options	342	37	-	5	-
For hedged portfolios of assets (macro hedge)(1)	*342*	*37*	-	*5*	-
Hedge of currency risk	**192**	**20**	**1**	**1**	**-**
Firm instruments	192	20	1	1	-
For hedged liabilities	*192*	*20*	*1*	*1*	-
Hedge of equity risk	**4**	**0**	**0**	**(1)**	**(1)**
Options	4	0	0	(1)	(1)
For hedged liabilities	*4*	*0*	*0*	*(1)*	*(1)*
TOTAL	**314,431**	**32,272**	**45,539**	**(16,246)**	**(228)**

(1) *For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments. This position should be linked with the carrying amount of the hedged items which represents the hedged exposure.*

(2) *The fair value of interest rate hedging derivatives includes accrued interests.*

CASH FLOW HEDGE: BREAKDOWN OF HEDGED ITEMS

The following table describes the change of fair value of hedged items used to book the ineffective portion of the hedge during the current period. Regarding the cash flow hedges, the change in fair value of hedged items is assessed using the hypothetical derivative method described in the accounting principles above.

	31.12.2023	31.12.2022 R
(In EURm)	Change in the fair value	Change in the fair value
Hedge of interest rate risk	**2**	**550**
Hedged assets	33	135
Due from banks, at amortised cost	*30*	-
Financial assets at fair value through other comprehensive income	*(22)*	*135*
Customer loans (macro hedged)	*25*	-
Hedged liabilities	(31)	415
Debt securities issued	*80*	*(110)*
Due to banks	*(20)*	*(51)*
Customer deposits	*(91)*	*576*
Hedge of currency risk	**40**	**(55)**
Hedged assets	(16)	-
Financial assets at fair value through other comprehensive income	*(16)*	-
Hedged liabilities	41	(54)
Debt securities issued	*41*	-
Subordinated debts	-	*(54)*
Forecast transactions	15	(1)
Hedge of equity risk	**6**	**43**
Forecast transactions	6	43
TOTAL	**48**	**538**

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2023					
		Fair value		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**13,592**	**309**	**394**	**(2)**	**1**	**(432)**
Firm instruments – Swaps	13,587	309	394	(2)	1	(432)
For hedged assets	*1,726*	*156*	*10*	*(9)*	*16*	*(121)*
For hedged portfolios of assets (macro hedge)[(1)]	*1,120*	*57*	*1*	*(24)*	*(16)*	*24*
For hedged liabilities	*10,741*	*96*	*383*	*31*	*1*	*(335)*
Firm instruments – FRAs	5	-	-	-	-	-
For hedged liabilities	*5*	-	-	-	-	-
Hedge of currency risk	**2,356**	**5**	**56**	**(40)**	**-**	**(3)**
Firm instruments	2,356	5	56	(40)	-	(3)
For hedged assets	-	-	-	-	-	-
For hedged liabilities	*1,602*	*5*	*46*	*(25)*	-	*(5)*
For hedged future transactions	*754*	-	*10*	*(15)*	-	*2*
Options	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Non-derivative financial instruments	-	-	-	-	-	-
For hedged future transactions	-	-	-	-	-	-
Hedge of equity risk	**222**	**7**	**25**	**(6)**	**-**	**(8)**
Options	222	7	25	(6)	-	(8)
For hedged future transactions	*222*	*7*	*25*	*(6)*	-	*(8)*
TOTAL	**16,170**	**321**	**475**	**(48)**	**1**	**(443)**

(1) For macro fair value transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

	31.12.2022 R					
		Fair value		Changes in fair value recorded during the period		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	Cumulative change in fair value recorded in unrealised or deferred gains and losses
Hedge of interest rate risk	**12,302**	**420**	**444**	**(551)**	**(10)**	**(374)**
Firm instruments – Swaps	12,294	420	444	(551)	(10)	(374)
For hedged assets	*849*	*121*	-	*(188)*	-	*(170)*
For hedged portfolios of assets (macro hedge) [(1)]	*1,185*	*39*	-	*52*	*(8)*	*46*
For hedged liabilities	*10,260*	*260*	*444*	*(415)*	*(2)*	*(250)*
Firm instruments – FRAs	8	-	-	-	-	-
For hedged liabilities	*8*	-	-	-	-	-
Hedge of currency risk	**1,827**	**44**	**50**	**55**	**9**	**(1)**
Firm instruments	1,827	36	41	55	10	-
For hedged assets	*1,008*	*12*	*19*	-	-	-
For hedged liabilities	*213*	*17*	*3*	*54*	-	-
For hedged future transactions	*606*	*7*	*19*	*1*	*10*	-
Options	-	-	-	-	(1)	-
For hedged future transactions	-	-	-	-	*(1)*	-
Non-derivative financial instruments	-	8	9	-	-	-
For hedged future transactions	-	*8*	*9*	-	-	-
Hedge of equity risk	**175**	**6**	**17**	**(43)**	**-**	**(6)**
Options	175	6	17	(43)	-	(6)
For hedged future transactions	*175*	*6*	*17*	*(43)*	-	*(6)*
TOTAL	**14,304**	**470**	**511**	**(539)**	**(1)**	**(381)**

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2023		31.12.2022 R	
(In EURm)	Change in the fair value of the hedged item during the period[(1)]	Cumulative translations differences related to the hedged items	Change in the fair value of the hedged item during the period[(1)]	Cumulative translations differences related to the hedged items
Hedge of currency risk	**(156)**	**(454)**	**(77)**	**(298)**
Hedged net investment in GBP	60	(208)	(170)	(268)
Hedged net investment in CZK	(46)	293	76	339
Hedged net investment in RUB	-	-	106	-
Hedged net investment in RON	(4)	(71)	5	(66)
Hedged net investment in USD	(23)	(16)	(21)	6
Hedged net investment (other currencies)	(143)	(452)	(73)	(309)

(1) Changes in fair value attributable to the hedged risk only and used to determine the ineffective portion of the fair value of the hedged instruments. A positive amouount corresponds to an unrealised gain recorded directly in shareholders' equity in respect of the foreign exchange variation recorded on the hedged item.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGE INSTRUMENTS

	31.12.2023					
		Carrying amount(1)		Changes in fair value recorded during the period(2)		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss(3)	Cumulative change in fair value recorded in unrealised or deferred gains or losses
Hedge of currency risk	**5,804**	**151**	**2,817**	**156**	**72**	**454**
Firm instruments	5,804	151	51	166	72	265
Hedged net investment in GBP	*1,149*	*18*	*10*	*(21)*	*5*	*(151)*
Hedged net investment in CZK	*1,258*	*43*	*6*	*29*	*30*	*(89)*
Hedged net investment in RUB	-	-	-	-	-	-
Hedged net investment in RON	*599*	*2*	-	*4*	*6*	*55*
Hedged net investment in USD	*249*	*14*	*7*	*23*	*11*	*50*
Hedged net investment (other currencies)	*2,549*	*74*	*28*	*131*	*20*	*400*
Non derivatives instruments	-	-	2,766	(10)	-	189
Hedged net investment in GBP	-	-	*1,867*	*(39)*	-	*359*
Hedged net investment in CZK	-	-	*720*	*17*	-	*(204)*
Hedged net investment in RUB	-	-	-	-	-	-
Hedged net investment in RON	-	-	*34*	-	-	*16*
Hedged net investment in USD	-	-	-	-	-	*(33)*
Hedged net investment (other currencies)	-	-	*145*	*12*	-	*51*

	31.12.2022 R					
		Carrying amount[1]		Changes in fair value recorded during the period[2]		
(In EURm)	Commitments (notional amounts)	Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss[3]	Cumulative change in fair value recorded in unrealised or deferred gains or losses
Hedge of currency risk	**6,314**	**229**	**2,975**	**76**	**(81)**	**298**
Firm instruments	6,314	229	114	17	(81)	99
Hedged net investment in GBP	*1,320*	*58*	*9*	*48*	*(6)*	*(130)*
Hedged net investment in CZK	*1,352*	*4*	*43*	*(51)*	*(52)*	*(118)*
Hedged net investment in RUB	*-*	*-*	*-*	*(57)*	*20*	*-*
Hedged net investment in RON	*470*	*2*	*5*	*(5)*	*(5)*	*51*
Hedged net investment in USD	*732*	*49*	*11*	*21*	*(12)*	*27*
Hedged net investment (other currencies)	*2,440*	*116*	*46*	*61*	*(26)*	*269*
Non derivatives instruments	-	-	2,861	59	-	199
Hedged net investment in GBP	*-*	*-*	*1,761*	*124*	*-*	*398*
Hedged net investment in CZK	*-*	*-*	*837*	*(25)*	*-*	*(221)*
Hedged net investment in RUB	*-*	*-*	*-*	*(50)*	*-*	*-*
Hedged net investment in RON	*-*	*-*	*38*	*-*	*-*	*15*
Hedged net investment in USD	*-*	*-*	*-*	*-*	*-*	*(33)*
Hedged net investment (other currencies)	*-*	*-*	*225*	*10*	*-*	*40*

(1) The carrying value equals fair value in the case of derivative instruments and equals amortised cost, translated at the closing date, in the case of loans and borrowings in foreign currencies.

(2) A positive change in value reflects a gain.

(3) In the case of foreign exchange risk hedging using derivative, the change in fair value attributable to the hedged foreign exchange risk is presented under the Portion booked in unrealised or deferred gains and losses heading and perfectly offsets the foreign exchange difference recognised on the hedged item. The amounts presented under Ineffective portion recognised in profit or loss correspond to the effects relating to risks other than foreign exchange risk.

NOTE 3.3 Financial assets at fair value through other comprehensive income

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

		Reclassifications			Adjustment of book value related to investments		
(In EURm)	31.12.2021	of available for-sale financial assets	of loans and receivables regarding their business model	Reclassified balances	Reclassification effects	01.01.2022 R	31.12.2022 R
Debt instruments	43,180	67,632	1,454	112,266	159	112,425	92,696
Bonds and other debt securities	*43,081*	*67,632*	*1,417*	*112,130*	*159*	*112,289*	*92,655*
Loans and receivables and securities purchased under resale agreements	*99*		*37*	*136*		*136*	*41*
Shares and other equity securities	270			270		270	264
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**43,450**	**67,632**	**1,454**	**112,536**	**159**	**112,695**	**92,960**

OVERVIEW

(In EURm)	31.12.2023	31.12.2022 R
Debt instruments	90,630	92,696
Bonds and other debt securities	*90,614*	*92,655*
Loans and receivables and securities purchased under resale agreements	*16*	*41*
Shares and other equity securities	264	264
TOTAL	**90,894**	**92,960**
o/w securities lent	*228*	*249*

NOTE 3.3.1 DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

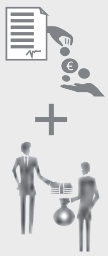
Debt instruments (loans and receivables, bonds and bond equivalents) are classified as Financial assets at fair value through other comprehensive income when their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Collect and Sell business model". At the time of original recognition, these financial assets are measured at fair value including the costs directly attributable to their acquisition or subscription.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under Interest and similar income.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of credit risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL "HOLD TO COLLECT AND SELL"

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.



Cash management
Within the Group, except for the insurance activities, the "hold to collect and sell" business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a "hold to collect" business model for managing their HQLA securities.

CHANGES OF THE PERIOD

(In EURm)	2023
Balance as at 1 January	**92,696**
Acquisitions/disbursements	37,720
Disposals/redemptions	(42,448)
Transfers towards (or from) another accounting category	30
Change in scope and others	(132)
Changes in fair value during the period	3,607
Change in related receivables	(60)
Translation differences	(783)
Balance as at 31 December	**90,630**

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In EURm)	31.12.2023	31.12.2022 R
Unrealised gains	993	798
Unrealised losses	(3,666)	(5,873)
TOTAL(1)	**(2,673)**	**(5,075)**

(1) Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts for EUR +2,314 million as at 31 December 2023 (EUR +4,448 million as at 31 December 2022).

NOTE 3.3.2 EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

Equity instruments (shares and share equivalents), that are not held for trading purposes, can be initially designated by the Group to be measured at fair value through other comprehensive income. This choice made instrument by instrument, is irrevocable.

These equity instruments are then measured at fair value and the changes in fair value are recognised under Unrealised or deferred gains and losses with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to Retained earnings at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, is recorded in profit or loss under Net gains or losses on financial 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.

NOTE 3.4 Fair value of financial instruments measured at fair value

MAKING IT SIMPLE

The financial assets and liabilities recognised in the Group balance sheet are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.9).

If an instrument is quoted on an active market, its fair value is equal to its market price.

But many financial instruments are not listed (for example, most customer loans and deposits, interbank debts and claims, etc.), or are only negotiable on illiquid markets or over-the-counter markets (which is the case for many derivative instruments).

In such situations, the fair value of the instruments is calculated using measurement techniques or valuation models. Market parameters are included in these models and must be observable; otherwise they are determined based on internal estimates. The models and parameters used are subject to independent validations and internal controls.

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

Fair value hierarchy

For information purposes, in the notes to the consolidated financial statements, the fair value of the financial instruments is classified using a fair value hierarchy that reflects the observability level of the inputs used. The fair value hierarchy is composed of the following levels:

LEVEL 1 (L1): INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES

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

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

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

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

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

LEVEL 2 (L2): INSTRUMENTS VALUED USING INPUTS OTHER THAN THE QUOTED PRICES INCLUDED IN LEVEL 1 AND THAT ARE OBSERVABLE FOR THE ASSET OR LIABILITY CONCERNED, EITHER DIRECTLY (I.E. AS PRICES) OR INDIRECTLY (I.E. DERIVED FROM PRICES)

These are the instruments measured using a financial model based on market inputs. The inputs used shall be observable in active markets; using some unobservable inputs is possible only if the latter have only a minor impact on the fair value of the instrument. The prices published by an external source, derived from the valuation of similar instruments are considered as data derived from prices.

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

This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted *via* Credit Default Swap (see Note 3.9).

LEVEL 3 (L3): INSTRUMENTS VALUED USING INPUTS A SIGNIFICANT PART OF WHICH ARE NOT BASED ON OBSERVABLE MARKET DATA (REFERRED TO AS UNOBSERVABLE INPUTS)

Level 3 instruments carried at fair value on the balance sheet are valued using financial models based on market inputs among which those which are unobservable or observable on insufficiently active markets, have a significant impact on the fair value of the financial instrument as a whole.

Accordingly, Level 3 financial instruments include derivatives and repo transactions with longer maturities than those usually traded and/or with specifically-tailored return profiles, structured debts including embedded derivatives valued based on a method using unobservable inputs or long-term equity investments valued based on a corporate valuation method, which is the case for unlisted companies or companies listed on an insufficiently liquid market.

The main L3 complex derivatives are:

- equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (*e.g.* extrapolation from observable data, historical analysis). Hybrid equity instruments (*i.e.* having at least one non-equity underlying instrument) are also classified as L3 insofar as the correlations between the different underlying assets are generally unobservable;
- interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for *quanto* products (in which the instrument is settled in a currency different from the currency of the underlying asset); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (*e.g.* exchange rate correlations are deemed unobservable for the USD/JPY);
- credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the N^{th} default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (*i.e.* options on commodity swaps or instruments based on baskets of underlyings).

NOTE 3.4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In EURm)	31.12.2023				31.12.2022 R			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**104,493**	**171,245**	**6,814**	**282,552**	**96,221**	**131,547**	**6,402**	**234,170**
Bonds and other debt securities*	32,843	6,275	308	39,426	22,857	3,007	158	26,022
Shares and other equity securities*	71,524	170	-	71,694	73,362	1,042	-	74,404
Securities purchased under resale agreements	-	152,944	6,130	159,074	-	116,586	6,166	122,752
Loans, receivables and other trading assets	126	11,856	376	12,358	2	10,912	78	10,992
Trading derivatives	**6**	**81,276**	**2,253**	**83,535**	**-**	**73,393**	**3,382**	**76,775**
Interest rate instruments*	5	40,806	1,668	42,479	-	32,527	2,477	35,004
Foreign exchange instruments*	-	18,575	230	18,805	-	23,826	446	24,272
Equity and index instruments	1	19,581	189	19,771	-	15,411	106	15,517
Commodity instruments	-	84	-	84	-	199	-	199
Credit derivatives	-	1,820	166	1,986	-	1,403	353	1,756
Other forward financial instruments	-	410	-	410	-	27	-	27
Financial assets measured mandatorily at fair value through profit or loss	**72,451**	**23,683**	**18,517**	**114,651**	**60,538**	**25,183**	**15,881**	**101,602**
Bonds and other debt securities	26,750	2,579	1,347	30,676	19,645	1,904	864	22,413
Shares and other equity securities*	45,701	9,169	13,822	68,692	40,893	11,934	9,929	62,756
Loans, receivables and securities purchased under resale agreements*	-	11,935	3,348	15,283	-	11,345	5,088	16,433
Financial assets measured using fair value option through profit or loss	**13,732**	**1,412**	**-**	**15,144**	**13,277**	**1,327**	**-**	**14,604**
Bonds and other debt securities	13,732	89	-	13,821	13,277	92	-	13,369
Loans, receivables and securities purchased under resale agreements	-	68	-	68	-	55	-	55
Separate assets for employee benefit plans	-	1,255	-	1,255	-	1,180	-	1,180
Hedging derivatives	**-**	**10,585**	**-**	**10,585**	**-**	**32,971**	**-**	**32,971**
Interest rate instruments	-	10,421	-	10,421	-	32,672	-	32,672
Foreign exchange instruments	-	157	-	157	-	293	-	293
Equity and index instruments	-	7	-	7	-	6	-	6
Financial assets measured at fair value through other comprehensive income	**88,231**	**2,384**	**279**	**90,894**	**91,430**	**1,250**	**280**	**92,960**
Bonds and other debt securities*	88,231	2,382	-	90,613	91,404	1,250	1	92,655
Shares and other equity securities	-	-	265	265	-	-	264	264
Loans and receivables	-	2	14	16	26	-	15	41
TOTAL	**278,913**	**290,585**	**27,863**	**597,361**	**261,466**	**265,671**	**25,945**	**553,082**

* *The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in order to reflect the observability level of the inputs used to carry out the valuation of the considered financial instruments. They mainly concern a transfer within Shares and other equity securities of the trading portfolio from Level 2 to Level 1 (EUR 3,780 million).*

NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In EURm)	31.12.2023				31.12.2022 R			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	**9,396**	**177,622**	**4,514**	**191,532**	**6,424**	**152,967**	**3,386**	**162,777**
Amounts payable on borrowed securities	-	42,461	22	42,483	8	51,037	56	51,101
Bonds and other debt instruments sold short	7,305	1	-	7,306	5,172	-	14	5,186
Shares and other equity instruments sold short	2,091	-	-	2,091	1,244	-	-	1,244
Securities sold under repurchase agreements	-	132,532	4,487	137,019	-	99,366	3,307	102,673
Borrowings and other trading liabilities	-	2,628	5	2,633	-	2,564	9	2,573
Trading derivatives	**12**	**85,741**	**4,050**	**89,803**	**14**	**68,701**	**3,941**	**72,656**
Interest rate instruments*	11	36,343	2,327	38,681	-	21,122	2,662	23,784
Foreign exchange instruments*	1	19,563	461	20,025	6	25,046	272	25,324
Equity and index instruments	-	27,555	1,056	28,611	7	20,464	738	21,209
Commodity instruments	-	208	-	208	-	154	-	154
Credit derivatives	-	757	206	963	-	1,135	269	1,404
Other forward financial instruments	-	1,315	-	1,315	1	780	-	781
Financial liabilities measured using fair value option through profit or loss	**657**	**56,503**	**37,089**	**94,249**	**-**	**32,071**	**36,671**	**68,742**
Hedging derivatives	**-**	**18,708**	**-**	**18,708**	**-**	**46,164**	**-**	**46,164**
Interest rate instruments	-	18,575	-	18,575	-	45,981	-	45,981
Foreign exchange instruments	-	108	-	108	-	166	-	166
Equity and index instruments	-	25	-	25	-	17	-	17
TOTAL	**10,065**	**338,574**	**45,653**	**394,292**	**6,438**	**299,903**	**43,998**	**350,339**

* *The restatement of amounts as at 31 December 2022 includes some adjustments of the classification among levels in accordance with the financial instruments observability. They mainly concern a transfer within Foreign exchange instruments of the trading derivatives portfolio from Level 1 to Level 2 (EUR 336 million).*

NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

(In EURm)	Balance as at 31.12.2022 R	Acquisitions	Disposals/ redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2023
Trading portfolio (excluding derivatives)	**6,402**	**5,829**	**(3,368)**	**(1,451)**	**5**	**(589)**	**(14)**	**-**	**6,814**
Bonds and other debt securities	158	724	(570)	(65)	5	60	(4)	-	308
Securities purchased under resale agreements	6,166	4,802	(2,798)	(1,386)	-	(653)	(1)	-	6,130
Loans, receivables and other trading assets	78	303	-	-	-	4	(9)	-	376
Trading derivatives	**3,382**	**76**	**(4)**	**(382)**	**84**	**(809)**	**(94)**	**-**	**2,253**
Interest rate instruments	2,477	-	-	(348)	59	(451)	(69)	-	1,668
Foreign exchange instruments	446	-	-	-	3	(200)	(19)	-	230
Equity and index instruments	106	76	(4)	(5)	1	16	(1)	-	189
Credit derivatives	353	-	-	(29)	21	(174)	(5)	-	166
Financial assets measured mandatorily at fair value through profit or loss	**15,881**	**5,844**	**(5,078)**	**(1,256)**	**2,559**	**(293)**	**(69)**	**929**	**18,517**
Bonds and other debt securities	864	1,606	(1,523)	-	38	14	-	348	1,347
Shares and other equity securities	9,929	4,238	(2,897)	(472)	2,480	(37)	-	581	13,822
Loans, receivables and securities purchased under resale agreements	5,088	-	(658)	(784)	41	(270)	(69)	-	3,348
Financial assets measured at fair value through other comprehensive income	**280**	**4**	**(5)**	**-**	**-**	**-**	**-**	**-**	**279**
Debt instruments	1	4	(4)	-	-	(1)	-	-	-
Equity instruments	264	-	-	-	-	1	-	-	265
Loans and receivables	15	-	(1)	-	-	-	-	-	14
TOTAL	**25,945**	**11,753**	**(8,455)**	**(3,089)**	**2,648**	**(1,691)**	**(177)**	**929**	**27,863**

FINANCIAL LIABILITIES

(In EURm)	Balance as at 31.12.2022 R	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2023
Trading portfolio (excluding derivatives)	**3,386**	**3,810**	**(1,488)**	**(295)**	**-**	**(818)**	**(81)**	**-**	**4,514**
Amounts payable on borrowed securities	56	-	-	-	-	(34)	-	-	22
Bonds and other debt instruments sold short	14	-	-	-	-	(14)	-	-	-
Securities sold under repurchase agreements	3,307	3,810	(1,488)	(295)	-	(766)	(81)	-	4,487
Borrowings and other trading liabilities	9	-	-	-	-	(4)	-	-	5
Trading derivatives	**3,941**	**1,382**	**(458)**	**(527)**	**274**	**(236)**	**(326)**	**-**	**4,050**
Interest rate instruments	2,662	-	-	(399)	246	119	(301)	-	2,327
Foreign exchange instruments	272	856	(403)	(1)	1	(263)	(1)	-	461
Equity and index instruments	738	526	(55)	(84)	18	(70)	(17)	-	1,056
Credit derivatives	269	-	-	(43)	9	(22)	(7)	-	206
Financial liabilities measured using fair value option through profit or loss	**36,671**	**13,184**	**(12,866)**	**(1,793)**	**188**	**2,397**	**(692)**	**-**	**37,089**
TOTAL	**43,998**	**18,376**	**(14,812)**	**(2,615)**	**462**	**1,343**	**(1,099)**	**-**	**45,653**

NOTE 3.4.4 VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices may be adjusted, if they are not available at the balance sheet date in order to incorporate the events that have an impact on prices and occurred after the closing of the stock markets but before the measurement date or in the event of an inactive market.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions at the balance sheet date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the inputs used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Market Activities, in accordance with the methodologies defined by the Market Risk Department.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads or liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a system has been in place to identify the new transactions for which CVA/DVA adjustments are significant. These transactions are then classified in Level 3.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date.

The significant unlisted securities and the significant securities listed on an illiquid market will be valued primarily by using a developed valuation method: Discounted Cash Flows (DCF) or Discounted Dividend Model (DDM) and/or Market multiples.

For non-significant unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- proportion of net asset value held;
- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.).

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS

The following table provides, for Level 3 instruments, the ranges of values of the most significant unobservable inputs by main product type.

(In EURm)

Cash instruments and derivatives	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min.	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	1.00%	623.30%
			Equity dividends	0.00%	16.00%
			Correlations	-80.10%	99.90%
			Hedge fund volatilities	7.60%	7.60%
			Mutual fund volatilities	1.70%	26.80%
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	-80.00%	85.00%
	Forex derivatives	Forex option pricing models	Forex volatilities	1.00%	31.00%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.00%	20.00%
	Inflation instruments and derivatives	Inflation pricing models	Correlations	72.00%	90.00%
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.00%	100.00%
			Recovery rate variance for single name underlyings	0.00%	100.00%
	Other credit derivatives	Credit default models	Time to default correlations	0.00%	100.00%
			Quanto correlations	0.00%	100.00%
			Credit spreads	0,0 bps	82,4 bps
Commodities	Derivatives on commodities baskets	Option models on commodities	Correlations	NA	NA
Long term equity investments	Securities held for strategic purposes	Net Book Value/Recent transactions	Not applicable	-	-

The table below shows the valuation of cash and derivative instruments on the balance sheet. When it comes to hybrid instruments, they are broken down according to the main unobservable inputs.

	31.12.2023	
(In EURm)	Assets	Liabilities
Equities/funds	12,833	22,771
Rates and Forex	13,031	22,676
Credit	166	206
Long term equity investments	1,833	-
TOTAL	**27,863**	**45,653**

NOTE 3.4.6 SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2023 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…) used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

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

	31.12.2023		31.12.2022	
(In EURm)	**Negative impact**	**Positive impact**	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(31)**	**52**	**(30)**	**82**
Equity volatilities	(16)	16	-	5
Dividends	(10)	10	-	20
Correlations	(5)	25	(30)	56
Hedge Fund volatilities	-	0	-	-
Mutual Fund volatilities	(0)	1	(0)	1
Rates or Forex instruments and derivatives	**(13)**	**25**	**(15)**	**28**
Correlations between exchange rates and/or interest rates	(13)	24	(14)	27
Forex volatilities	(0)	0	(1)	1
Constant prepayment rates	-	-	-	-
Inflation/inflation correlations	(0)	0	(0)	0
Credit instruments and derivatives	**(4)**	**4**	**-**	**5**
Time to default correlations	(0)	0	-	0
Quanto correlations	(0)	0	-	3
Credit spreads	(3)	3	-	2
Commodity derivatives	**NA**	**NA**	**NA**	**NA**
Commodities correlations	NA	NA	NA	NA
Long term securities	**NA**	**NA**	**NA**	**NA**

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as at the computation date based on a "standardised" variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

NOTE 3.4.7 DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

At initial recognition, financial assets and liabilities are measured at fair value, that is to say the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

(In EURm)	2023	2022
Deferred margin as at 1 January	**1,248**	**1,191**
Deferred margin on new transactions during the period	470	794
Margin recorded in the income statement during the period	(638)	(737)
o/w amortisation	*(390)*	*(497)*
o/w switch to observable inputs	*(20)*	*(12)*
o/w disposed, expired or terminated	*(228)*	*(228)*
Deferred margin as at 31 December	**1,080**	**1,248**

NOTE 3.5 Loans, receivables and securities at amortised cost

IMPACT ON GROUP FINANCIAL ASSETS AND LIABILITIES OF THE APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES (SEE NOTE 1)

		Reclassifications			Adjustment of book value related to investments				
(In EURm)	31.12.2021	of available for-sale financial assets	others	Reclassified balances	Reclassifi-cation effects	Impairment and provisions for credit risk	Total	01.01.2022 R	31.12.2022 R
Securities at amortised cost	19,371	4,975	22	24,368	(218)	(1)	(219)	24,149	26,143
Due from banks at amortised cost	55,972	-	1,232	57,204	-	-	-	57,204	68,171
Customer loans and receivables at amortised cost	497,164	-	69	497,233	-	-	-	497,233	506,635
TOTAL	**572,507**	**4,975**	**1,323**	**578,805**	**(218)**	**(1)**	**(219)**	**578,586**	**600,949**

OVERVIEW

(In EURm)	31.12.2023		31.12.2022 R	
	Carrying amount	*o/w impairment*	Carrying amount	*o/w impairment*
Due from banks	77,879	(23)	68,171	(39)
Customer loans	485,449	(10,070)	506,635	(10,634)
Securities	28,147	(84)	26,143	(63)
TOTAL	**591,475**	**(10,177)**	**600,949**	**(10,736)**

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 credit risk with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), the subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to the interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt at the new market conditions in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the handling and implementation fees associated with the new transaction received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor's investment in the finance lease, the present value of this reduction is recognised as a loss 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.

BUSINESS MODEL "HOLD TO COLLECT"

Under this model, financial assets are managed to obtain cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset's credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset's credit risk). The Group has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

Financing activities
Within the Group, the "hold to collect" business model is mainly applied by financing activities managed by French Retail Banking, International Retail Banking and Financial Services and by Global Banking and Investor Solutions, except for the part of syndicated loans that is expected to be sold.

NOTE 3.5.1 DUE FROM BANKS

(In EURm)	31.12.2023	31.12.2022 R
Current accounts	39,798	34,672
Deposits and loans	12,939	15,053
Securities purchased under resale agreements	24,622	17,669
Subordinated and participating loans	200	237
Related receivables	383	655
Due from banks before impairments(1)	**77,942**	**68,286**
Credit loss impairments	(23)	(39)
Revaluation of hedged items	(40)	(76)
TOTAL	**77,879**	**68,171**

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 37 million compared to EUR 68 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

NOTE 3.5.2 CUSTOMER LOANS

(In EURm)	31.12.2023	31.12.2022 R
Overdrafts	21,629	29,244
Other customer loans	428,614	444,612
Lease financing agreements	31,165	29,499
Securities purchased under resale agreements	9,413	10,159
Related receivables	4,845	4,071
Customer loans before impairments(1)	**495,666**	**517,585**
Credit loss impairment	(10,070)	(10,634)
Revaluation of hedged items	(147)	(316)
TOTAL	**485,449**	**506,635**

(1) As at 31 December 2023, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 15,711 million compared to EUR 15,687 million as at 31 December 2022. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

(In EURm)	31.12.2023	31.12.2022 R
Trade notes	7,736	7,547
Short-term loans	138,568	146,274
Export loans	13,030	13,801
Equipment loans	74,205	70,293
Housing loans	145,076	152,282
Loans secured by notes and securities	84	246
Other loans	49,915	54,169
TOTAL	**428,614**	**444,612**

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

(In EURm)	31.12.2023	31.12.2022
Gross investments	**33,438**	**31,339**
Amount for the next five years	28,206	26,129
Less than one year	*9,866*	*9,657*
From one to two years	*6,987*	*6,418*
From two to three years	*5,407*	*4,855*
From three to four years	*3,629*	*3,190*
From four to five years	*2,317*	*2,009*
More than five years	5,232	5,210
Present value of minimum payments receivable	**29,153**	**27,846**
Rental receivables due for the next five years	25,231	23,799
Less than one year	*9,098*	*8,982*
From one to two years	*6,361*	*5,926*
From two to three years	*4,780*	*4,403*
From three to four years	*3,140*	*2,831*
From four to five years	*1,852*	*1,657*
Rental receivables due for more than five years	3,922	4,047
Unearned financial income	**2,273**	**1,840**
Unguaranteed residual values receivable by the lessor	**2,012**	**1,653**

NOTE 3.5.3 SECURITIES

(In EURm)	31.12.2023	31.12.2022 R
Government securities	14,303	13,480
Negotiable certificates, bonds and other debt securities	13,731	12,742
Related receivables	256	242
Securities before impairments	**28,290**	**26,464**
Impairment	(84)	(63)
Revaluation of hedged items	(59)	(258)
TOTAL	**28,147**	**26,143**

NOTE 3.6 Debts

ACCOUNTING PRINCIPLES

Debts include the non-derivative financial liabilities that are not measured at fair value through profit or loss (these instruments are described in Note 3.1.3).

They are recognised in the balance sheet, depending on the type of instrument and counterparty, under Due to banks, Customer deposits, Debt securities issued or Subordinated debt.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, *i.e.* at the fair value of the amount borrowed net of transaction fees. These liabilities are measured as at the reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under Interest and similar expense.

The Group's obligations arising from mortgage savings accounts and plans are recorded under Customer deposits – Regulated savings accounts. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

NOTE 3.6.1 DUE TO BANKS

(In EURm)	31.12.2023	31.12.2022 R
Demand deposits and current accounts	11,131	10,455
Overnight deposits and borrowings	1,049	392
Term deposits(1)	100,307	120,163
Related payables	1,464	301
Revaluation of hedged items	(1,082)	(1,933)
Securities sold under repurchase agreements	4,978	3,633
TOTAL	**117,847**	**133,011**

(1) Including term-deposits linked to central banks, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations – TLTRO).

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the return on these loans depended 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, it was possible for the borrowing institutions to 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 deposit facility rate with a floor rate set at -1%). These TLTRO III operations were 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 additional temporary bonus over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The Group, *via* Societe Generale and Crédit du Nord, subscribed to TLTRO III loans through quarterly drawdowns staggered between December 2019 and December 2021. The residual amount of TLTRO loans on the liability side of the balance sheet is 24 billion euros as at 31 December 2023, following the early repayments made in the 2023 financial year for an amount of 28.7 billion euros.

As at 31 December 2021, the Group had already achieved the stability objectives for outstanding loans allowing it to benefit from the reduced interest rate as well as from the two temporary additional bonuses applied respectively over the periods from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. The additional bonuses were qualified for accounting purposes as subsidies according to IAS 20 and the loans as liabilities at adjustable rates under IFRS 9.

On 27 October 2022, the ECB changed the methods for calculating the interest rate relating to the last period of TLTRO III. These new calculation methods have been applied since 23 November 2022.

As at 31 December 2023, the total cost of TLTRO borrowings including interest and bonuses is therefore between 1.40% and 3.10% depending on the drawdown dates. For the financial year 2023, the total amount of interests and bonuses on the TLTRO borrowings recorded under Interest and similar expense is EUR 1.2 billion.

NOTE 3.6.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2023	31.12.2022
Regulated savings accounts	122,172	111,496
Demand	*99,105*	*86,368*
Term	*23,067*	*25,128*
Other demand deposits[1]	262,954	295,933
Other term deposits[1]	146,878	115,651
Related payables	1,841	876
Revaluation of hedged items	(3)	(89)
TOTAL CUSTOMER DEPOSITS	**533,842**	**523,867**
Securities sold to customers under repurchase agreements	7,835	6,897
TOTAL	**541,677**	**530,764**

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(In EURm)	31.12.2023	31.12.2022
Professionals and corporates	107,168	151,687
Individual customers	83,449	88,450
Financial customers	55,842	42,982
Others[1]	16,495	12,814
TOTAL	**262,954**	**295,933**

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

NOTE 3.6.3 DEBT SECURITIES ISSUED

(In EURm)	31.12.2023	31.12.2022
Term savings certificates	173	230
Bond borrowings	31,285	25,974
Interbank certificates and negotiable debt instruments	130,393	110,543
Related payables	1,321	635
Revaluation of hedged items	(2,666)	(4,206)
TOTAL	**160,506**	**133,176**
o/w floating-rate securities	*95,247*	*77,220*

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.

(In EURm)	2023			2022 R		
	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	32,266	(24,720)	7,546	17,546	(8,845)	8,701
Central banks	*6,698*	*(368)*	*6,330*	*1,255*	*(306)*	*949*
Bonds and other debt securities	*1,188*	*(4,096)*	*(2,908)*	*620*	*(1,690)*	*(1,070)*
Due from/to banks[1]	*4,038*	*(6,375)*	*(2,337)*	*1,935*	*(1,737)*	*198*
Customer loans and deposits	*17,931*	*(12,133)*	*5,798*	*12,172*	*(3,917)*	*8,255*
Subordinated debt	*-*	*(700)*	*(700)*	*-*	*(641)*	*(641)*
Securities lending/borrowing	*9*	*(13)*	*(4)*	*42*	*(14)*	*28*
Repo transactions	*2,402*	*(1,035)*	*1,367*	*1,522*	*(540)*	*982*
Hedging derivatives	15,919	(17,748)	(1,829)	9,739	(8,737)	1,002
Financial instruments at fair value through other comprehensive income[2]	2,779	(260)	2,519	2,208	(277)	1,931
Lease agreements	1,258	(47)	1,211	852	(37)	815
Real estate lease agreements	*295*	*(45)*	*250*	*181*	*(37)*	*144*
Non-real estate lease agreements	*963*	*(2)*	*961*	*671*	*-*	*671*
Subtotal interest income/expense on financial instruments using the effective interest method	**52,222**	**(42,775)**	**9,447**	**30,345**	**(17,896)**	**12,449**
Financial instruments mandatorily at fair value through profit or loss	865	(2)	863	393	(1)	392
TOTAL INTEREST INCOME AND EXPENSE	**53,087**	**(42,777)**	**10,310**	**30,738**	**(17,897)**	**12,841**
o/w interest income from impaired financial assets	*273*	*-*	*273*	*250*	*-*	*250*

(1) *In 2022, the interest, then negative, on TLTRO loans was recorded among the products of Loans/borrowings from credit institutions. In 2023, interest on TLTRO loans is recorded among the expenses of Due from/to banks. (see Note 3.6).*

(2) *Including EUR 1,237 million for insurance subsidiaries in 2023 (EUR 1,411 million in 2022). This amount must be read together with the financial income and expenses of insurance contracts (see Note 4.3, Detail of performance of insurance activities).*

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

(In EURm)	2023	2022 R
Trade notes	786	507
Other customer loans	15,189	10,433
Short-term loans	*7,132*	*4,490*
Export loans	*576*	*366*
Equipment loans	*2,647*	*1,751*
Housing loans	*2,878*	*2,694*
Other customer loans	*1,956*	*1,132*
Overdrafts	1,692	989
Doubtful outstanding (stage 3)	264	243
TOTAL	**17,931**	**12,172**

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.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, this potential loss, or expected credit loss, as estimated by the Group, is recognised in profit or loss without waiting for a payment default individually impacting the counterparty; the expenses partly offset the interest income and thus avoid overestimating the income during the periods prior to the counterparty default. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment 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:

Observed deterioration in credit risk since initial recognition of the financial asset

Credit risk category	Stage 1 Performing assets	Stage 2 Under-performing or downgraded assets	Stage 3 Credit-impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1 *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument is become credit-impaired / 90 days past due
Measurement of credit risk	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

Exposures classified in Stage 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

Exposures classified in Stage 2

To identify Stage 2 exposures, the significant increase in credit risk compared to the date of initial recognition is assessed by the Group using all available past and forward-looking data (behavioural scores, loan to value indicators, macroeconomic forecast scenarios, sector analyses, cash flow projections for some counterparties, etc.).

The three criteria used to assess the significant changes in credit risk are detailed below. Once only one of these three criteria is met, the relevant outstanding is transferred from Stage 1 to Stage 2 and related impairment or provisions are adjusted accordingly. Furthermore, the Group does not apply the exemption for low credit risk; it thus carries out an assessment of a significant increase in credit risk for all loans and debt securities.

CRITERIA 1: THE CLASSIFICATION OF THE COUNTERPARTY IN "SENSITIVE"

To determine the classification of the counterparty as "sensitive" (notion of watch list), the Group analyses:

- the counterparty's credit rating (where it is the subject of an internal analysis); and
- the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty which may also be indicative of a deterioration in credit risk.

If, after a review, a counterparty is deemed "sensitive", all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the credit quality at the time of granting of each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses.

Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves. These thresholds may be expressed as an absolute or relative increase in the probability of default. For example, the threshold is set at +50 bp for sovereign debt, +100 bp for the Very Large Enterprises (turnover exceeding EUR 500 million), +200 bp for SME and +10 bp for the French mortgages of the Societe Generale retail network.

In addition and in line with the recommendations issued by the EBA and the ECB, loans for which the probability of default has been multiplied by three between the date of first recognition and the balance sheet date are transferred to Stage 2.

CRITERIA 3: THE EXISTENCE OF PAYMENTS MORE THAN 30 DAYS PAST DUE

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

The three criteria are symmetrical: thus, a removal from the watch list of sensitive counterparties, a sufficient improvement in the debtor's credit rating or a settlement of payments more than 30 days overdue results in a return to Stage 1, without any probation period in Stage 2.

PARTICULAR CASE OF EXPOSURES WITHOUT CREDIT RATING

For exposures to counterparties for which no credit rating is available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioural score or the existence of payments more than 30 days past due for retail customers;
- the placement on the watch list or the existence of payments more than 30 days past due for Corporate.

Exposures classified in Stage 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- one or more unpaid payments of over 100 euros for Retail (500 euros for Non-retail) during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period. In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days;
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
  - a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group,
  - the granting of concessions to the clauses of the loan agreement, which would not have been granted if the counterparty wasn't experiencing financial difficulties (restructured loans) and which result in a decrease in the present value of the loan cash flows of more than 1% of its initial value,
  - the existence of litigious proceedings (*ad hoc* mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the Group's exposures.

The classification in Stage 3 is kept during the 3-month probation period after the disappearance of all default indicators described above. The probation period in Stage 3 is extended to one year for the restructured loans that have been transferred in Stage 3.

In the case of a return to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred to Stage 1. This probation period in Stage 2 is from six 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 taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criteria and as a consequence their effects cannot be taken into account in the calculation of impairment, a separate asset is recorded in the balance sheet under Other Assets. The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under "Cost of credit 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 credit risk.

The expected credit losses on the financing commitments and financial collateral given are determined using a similar approach applied to the estimated amount of Group exposure in case of default (amount drawn from the financing commitment as at the default date, amount of collateral called up as at the default date). The credit loss amounts thus calculated at one year (Stage 1) or over the life of the commitments (Stages 2 and 3) are recognised as liabilities on the balance sheet under Provisions.

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macroeconomic 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 credit risk in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuration.

Post-restructuring, these financial assets are classified in Stage 3 (credit-impaired exposures) whether the present value of modified cash flows decreases by more than 1% compared with the carrying amount of financial instruments before the restructuring or there is a high probability that the counterparty cannot meet all its commitments involving a risk of loss for the Group. In these two cases, the restructuring of financial assets leads to default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3 or the loans which the present value does not decrease more than 1%, the assessment of the significant increase of credit risk will be performed by comparing the characteristics of the instrument at the closing date and the characteristics at the initial recognition date of the loan before restructuring, applying the transfer rules to Stage 1 and 2 previously mentioned in this note with specific conditions during the probation period (during the first two-years following the restructuration, loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new assets are recognised as Financial assets measured at fair value through profit or loss; On the date of recognition, the difference between the present value of the new cash flows and the net carrying amount of the initial asset is recorded under Cost of credit Risk in the income statement. 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. The accounting treatment of renegotiations is detailed in Note 3.5.

Total or partial recovery by activating the guarantee

A claim may be recovered in the form of an asset (financial or tangible) that passes into the ownership of the Group as a result of the activation of a guarantee. This asset substitutes for the guaranteed claim on the date when the Group becomes its owner and is initially recognised at fair value as an asset on the balance sheet. Its classification and subsequent valuation method depend on the management intent.

METHOD FOR ESTIMATING EXPECTED CREDIT LOSSES

The calculation method for the impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework which served as a basis for selecting the assessment methods for the calculation parameters (probability of default and credit loss rate on the outstanding loans under an advanced Basel approach – IRBA and IRBF – and provisioning rate for the outstanding loans under the standardised Basel approach).

The Group's portfolios have been segmented in order to ensure homogeneousness of the risk characteristics and a better correlation with the macroeconomic variables, both global and local. This segmentation allows for all the specificities of the Group to be addressed. It is consistent with or similar to the one specified in the Basel framework in order to ensure the uniqueness of the historical records of defaults and losses.

The nature of the variables used in the expected credit loss assessment models is presented in Chapter 4 of the present Universal Registration Document. The measurement of expected credit losses is performed based on the parameters mentioned below, supplemented with the internal analyses relating to the credit quality of each counterparty, individually or statistically.

GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

In 2023, the Group revised the parameters used in the models based on the based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the current geopolitical environment (see Note 1).

To account for the uncertainties related to the macroeconomic and geopolitical environment, the Group updated the model and post-model adjustments in 2023.

The effects of these adjustments in the determination of expected credit losses are described hereinafter.

Update of the models and impact on the estimation of expected credit losses

As at 31 December 2023, the updates of macroeconomic variables and probabilities of default as well as the updated weighting of the scenarios have resulted in a EUR 77 million decrease in the amount of impairment and provisions for credit risk:

- the impact of the revision of the macroeconomic variables and probabilities of default is a EUR 62 million decrease;
- the impact of the updated weighting of the macroeconomic scenarios described in Note 1 is a EUR 15 million decrease.

Furthermore, owing to the geopolitical context related to the war in Ukraine, all our Russian counterparties including residual exposures on Rosbank (EUR 2.1 billion as at 31 December 2022) have been classified as "sensitive" (concept of watch list) from the beginning of the conflict and the associated outstanding loans have been transferred to Stage 2. As at 31 December 2023, they amount to EUR 1.1 billion. Further analysis has resulted in the identification amidst this population of the outstanding loans that have to be transferred to Stage 3, and this from the beginning of the war in Ukraine (EUR 0.3 billion for 2023). The impact of these transfers on the calculation of the expected credit losses amounts to EUR 167 million as at 31 December 2023 (including the additional adjustment detailed in the "Other adjustments" sub-section).

Adjustments supplementing the application of the models

As at 31 December 2023, the adjustment regarding the additional criterion for classification in Stage 2 set in 2020 following the Covid-19 crisis, has been removed (EUR 17 million as at 31 December 2022).

Sectoral adjustments

The Group may supplement the models with sectoral adjustments relating to the possible revision of the expected credit loss estimates (with no impact on the classification of the outstanding loans) for some sectors.

These adjustments allow for better anticipation of the default/recovery cycle in some sectors that have a cyclical business, have been subject to peaks of default in the past or are most exposed to the current crises and on which the Group's exposure exceeds a threshold that is annually reviewed and set by the Risk Division.

These sectoral adjustments are examined and updated quarterly by the Risk Division and validated according to materiality thresholds by the General Management.

Along the revision of these adjustments, whenever compatible with the provisioning horizon, a qualitative analysis of the possible impact of climate risks on the calculation of expected credit losses has been introduced (see the "Incorporating the environment in the risk management framework" section of Chapter 4 in the Universal Registration Document).

The main sectors concerned as at 31 December 2023 are commercial real-estate, non-food retail, construction and the hotel, restaurant and leisure industry.

The total sectoral adjustments (excluding the additional sectoral adjustments described in the "Other adjustments" paragraph below) thus amount to EUR 667 million as at 31 December 2023 (EUR 570 million as at 31 December 2022). This increase is mainly due to an increase on the commercial real-estate and non-food retail sectors, the future circumstances of which are deteriorating owing to multiple factors, such as the difficult situation on the real estate market, the effects of inflation and the changes in purchasing behaviours. An increase of lesser magnitude has been observed on the construction sector. These increases are partly offset by a decrease on the oil and gas sector, and to a lesser extent on the hotel sector the situation of which has improved.

Other adjustments

Adjustments based on expert opinion and with no impact on the classification, have also been made to reflect the deterioration in credit risk on some portfolios when this deterioration has not been observed through a line-by-line analysis of the outstanding stock:

- for the scope of entities that have not developed models enabling them to estimate the correlations between macroeconomic variables and default rate; and
- for the scopes on which models have been developed but cannot reflect future risks not observed in the past.

These adjustments amount to EUR 699 million as at 31 December 2023 (EUR 967 million as at 31 December 2022). This change results from the account taken of:

- the specific risk on the portfolio of offshore loans to Russian corporate customers resulting from the geopolitical situation; this adjustment is estimated by applying to the expected credit losses of this portfolio degraded scenarios (weighted by a probability of occurrence) for which probabilities of default and recovery prospects take account of the uncertainty relating to this environment;
- the risks arising from the specific economic environment, such as the higher inflation and interest rates, regarding fragile customers and the more specifically exposed portfolios, as such risks are not taken into account in the models.

The Group uses two main methods to estimate these adjustments:

- application, to the parameters of the expected credit loss models, of more severe probabilities of default reflecting the economic shock expected according to the Group's economic scenarios;
- application of sectoral adjustments according to the methodology described above to the sectors identified by the Group's Department of Economic and sectoral studies as particularly exposed in case of occurrence of a lasting stagflation scenario.

NOTE 3.8.1 OVERVIEW

In accordance with the application of IFRS 9 "Financial instruments" by the insurance subsidiaries (see Note 1), the impairments and provisions of these subsidiaries are included in the tables below.

PRESENTATION OF BALANCE SHEET AND OFF-BALANCE SHEET OUTSTANDING AMOUNTS

(In EURm)		31.12.2023	31.12.2022 R
Debt instruments at fair value through other comprehensive income	Note 3.3	90,630	92,696
Securities at amortised cost	Note 3.5	28,147	26,143
Due from banks at amortised cost	Note 3.5	77,879	68,171
Due from central banks(1)		220,725	204,553
Customer loans at amortised cost	Note 3.5	485,449	506,635
Guarantee deposits paid	Note 4.4	51,611	67,768
Others		6,239	4,175
o/w other miscellaneous receivables bearing credit risk	*Note 4.4*	*6,076*	*3,913*
o/w due from clearing houses bearing credit risk	*Note 4.4*	*163*	*262*
NET VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**960,680**	**970,141**
Impairment of loans at amortised cost	Note 3.8	10,505	11,031
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		**971,185**	**981,172**
Financing commitments		210,511	216,573
Guarantee commitments		80,560	94,727
GROSS VALUE OF OFF BALANCE-SHEET ACCOUNTING AMOUNTS		**291,071**	**311,300**
TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)		**1,262,256**	**1,292,472**

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

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

	31.12.2023				31.12.2022 R			
	Group without Insurance activities		Insurance		Group without Insurance activities		Insurance	
(In EURm)	Outstanding amounts	Impairment/ provisions	Outstanding amounts	Impairment/ provisions	Outstanding amounts	Impairment/ provisions	Outstanding amounts	Impairment/ provisions
Financial assets at fair value through other comprehensive income	**37,729**	**3**	**52,901**	**13**	**37,199**	**8**	**55,497**	**20**
Performing assets outstanding (Stage 1)	37,727	1	51,704	4	37,192	1	54,445	5
Underperforming assets outstanding (Stage 2)	2	2	1,197	9	1	1	1,046	15
Doubtful assets outstanding (Stage 3)	-	-	-	-	6	6	6	-
Financial assets at amortised cost[(1)]	**873,390**	**10,505**	**7,165**	**-**	**881,771**	**11,031**	**6,705**	**-**
Performing assets outstanding (Stage 1)	812,925	1,048	7,085	-	820,736	1,042	6,634	-
Underperforming assets outstanding (Stage 2)	44,063	1,973	80	-	44,689	2,134	71	-
Doubtful assets outstanding (Stage 3)	16,402	7,484	-	-	16,346	7,855	-	-
o/w lease financing	***31,165***	***883***	**-**	**-**	***29,500***	***896***	**-**	**-**
Performing assets outstanding (Stage 1)	*24,798*	*127*	-	-	*24,340*	*110*	-	-
Underperforming assets outstanding (Stage 2)	*4,668*	*163*	-	-	*3,536*	*169*	-	-
Doubtful assets outstanding (Stage 3)	*1,699*	*593*	-	-	*1,624*	*617*	-	-
Financing commitments	**210,511**	**447**	**-**	**-**	**216,571**	**467**	**2**	**-**
Performing assets outstanding (Stage 1)	195,733	154	-	-	204,724	166	2	-
Underperforming assets outstanding (Stage 2)	14,540	235	-	-	11,564	251	-	-
Doubtful assets outstanding (Stage 3)	238	58	-	-	283	50	-	-
Guarantee commitments	**80,560**	**372**	**-**	**-**	**94,727**	**431**	**-**	**-**
Performing assets outstanding (Stage 1)	76,503	59	-	-	90,332	57	-	-
Underperforming assets outstanding (Stage 2)	3,370	84	-	-	3,716	116	-	-
Doubtful assets outstanding (Stage 3)	687	229	-	-	679	258	-	-
TOTAL OF ACCOUNTING AMOUNTS (BALANCE-SHEET AND OFF BALANCE-SHEET)	**1,202,190**	**11,327**	**60,066**	**13**	**1,230,268**	**11,937**	**62,204**	**20**

(1) *Including Central Banks for EUR 220,725 million as at 31 December 2023 (versus EUR 204,553 million as at 31 December 2022).*

In order to disclose its exposure to credit risk, the Group has decided to tabulate its assets outstanding and impairment by stage of impairment of the financial assets at amortised cost by Basel category, by geographical area, and by rating of the counterparty. Due to the absence of significant exposure to credit risk for insurance activities, assets measured at fair value through other comprehensive income as well as for financing and guarantee commitments, this information is not presented below.

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY BASEL PORTFOLIO

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	255,852	4,492	73	260,417	5	3	59	67
Institutions	142,862	542	88	143,492	7	1	21	29
Corporates	227,438	20,608	8,663	256,709	622	1,312	3,709	5,643
o/w SME	*41,869*	*6,212*	*3,560*	*51,641*	*213*	*364*	*1,825*	*2,402*
Retail	185,088	18,373	7,564	211,025	411	655	3,688	4,754
o/w VSB	*24,447*	*2,911*	*2,690*	*30,048*	*104*	*236*	*1,412*	*1,752*
Others	1,685	48	14	1,747	3	2	7	12
TOTAL	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign*	232,527	291	215	233,033	6	2	77	85
Institutions*	161,523	592	53	162,168	8	2	24	34
Corporates*	234,572	20,367	9,221	264,160	619	1,399	4,260	6,278
*o/w SME**	*42,271*	*5,666*	*3,581*	*51,518*	*226*	*318*	*1,829*	*2,373*
Retail	190,709	23,391	6,841	220,941	406	728	3,488	4,622
o/w VSB	*23,972*	*4,746*	*2,343*	*31,061*	*95*	*271*	*1,306*	*1,672*
Others*	1,405	48	16	1,469	3	3	6	12
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

(1) *Amounts restated compared to the financial statements published for 2022.*

The financial assets measured at fair value through other comprehensive income mainly correspond to cash management for own account and to the management of the portfolio of HQLA (High Quality Liquid Assets) securities included in the liquidity reserves. These assets mainly correspond to Sovereigns classified in Stage 1.

The financing and guarantee commitments mainly correspond to outstanding amounts not drawn by corporate customers. These assets are mainly classified in Stage 1.

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: OUTSTANDING AMOUNTS AND IMPAIRMENTS BY GEOGRAPHICAL ZONE

The geographic area chosen corresponds to the country of the counterparty. When this information is unavailable, it is the country of the issuing entity that is used.

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	443,958	20,646	9,026	473,630	511	1,042	3,431	4,984
Western European countries (excl. France)	134,142	10,521	1,717	146,380	201	259	754	1,214
Eastern European countries EU	62,572	6,670	919	70,161	154	276	518	948
Eastern Europe excluding EU	3,503	1,173	206	4,882	2	103	32	137
North America	93,778	1,775	537	96,090	18	106	127	251
Latin America and Caribbean	5,582	468	367	6,417	2	8	106	116
Asia-Pacific	33,894	301	288	34,483	13	3	125	141
Africa and Middle East	35,496	2,509	3,342	41,347	147	176	2,391	2,714
TOTAL	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

Over 80% of all financing and guarantee commitments have Western Europe, North America or France as their country of counterparty.

	31.12.2022							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	442,513	26,042	8,054	476,609	480	1,166	3,240	4,886
Western European countries (excl. France)	157,496	5,569	1,695	164,760	220	273	767	1,260
Eastern European countries EU	51,781	6,455	1,088	59,324	144	256	640	1,040
Eastern Europe excluding EU	2,945	2,032	524	5,501	2	149	121	272
North America	82,014	1,479	165	83,658	21	113	43	177
Latin America and Caribbean	5,757	472	319	6,548	5	11	88	104
Asia-Pacific	37,999	616	572	39,187	14	6	258	278
Africa and Middle East	40,231	2,024	3,929	46,184	156	160	2,698	3,014
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

GROUP ASSETS AT AMORTISED COST WITHOUT INSURANCE ACTIVITIES: SUBJECT TO IMPAIRMENT AND PROVISIONS BY RATING OF COUNTERPARTY(1)

Classification in Stage 1 or Stage 2 does not depend on the absolute probability of default but on the elements that make it possible to assess the significant increase in credit risk (see accounting principles), including the relative change in the probability of default since initial recognition. Therefore, there is no direct relationship between the counterparty rating, presented in the table below, and the classification by stage of impairment.

	31.12.2023							
	Assets at amortised cost				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	67,873	888	-	68,761	1	3	-	4
2	189,026	3,834	-	192,860	2	1	-	3
3	53,862	1,409	-	55,271	9	6	-	15
4	85,123	505	-	85,628	68	7	-	75
5	85,404	4,486	-	89,890	282	103	-	385
6	23,247	9,546	-	32,793	195	536	-	731
7	3,162	5,432	-	8,594	20	477	-	497
Default (8, 9, 10)	-	-	8,522	8,522	-	-	3,646	3,646
Other method	305,228	17,963	7,880	331,071	471	840	3,838	5,149
TOTAL	**812,925**	**44,063**	**16,402**	**873,390**	**1,048**	**1,973**	**7,484**	**10,505**

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

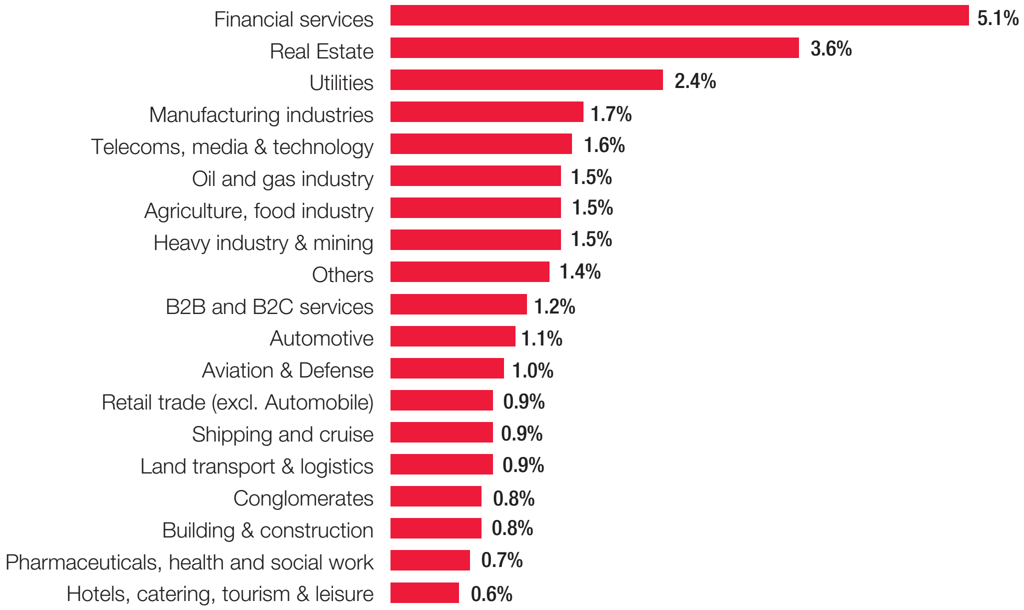
	31.12.2022							
	Outstanding amounts				Impairment			
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	59,826	874	-	60,700	1	3	-	4
2	186,818	889	-	187,707	4	5	-	9
3	50,465	622	-	51,087	8	5	-	13
4	85,773	1,431	-	87,204	69	15	-	84
5	84,343	4,322	-	88,665	246	146	-	392
6	22,694	10,044	-	32,738	186	532	-	718
7	2,832	7,082	-	9,914	21	445	-	466
Default (8, 9, 10)	-	-	9,378	9,378	-	-	4,071	4,071
Other method	327,985	19,425	6,968	354,378	507	983	3,784	5,274
TOTAL	**820,736**	**44,689**	**16,346**	**881,771**	**1,042**	**2,134**	**7,855**	**11,031**

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

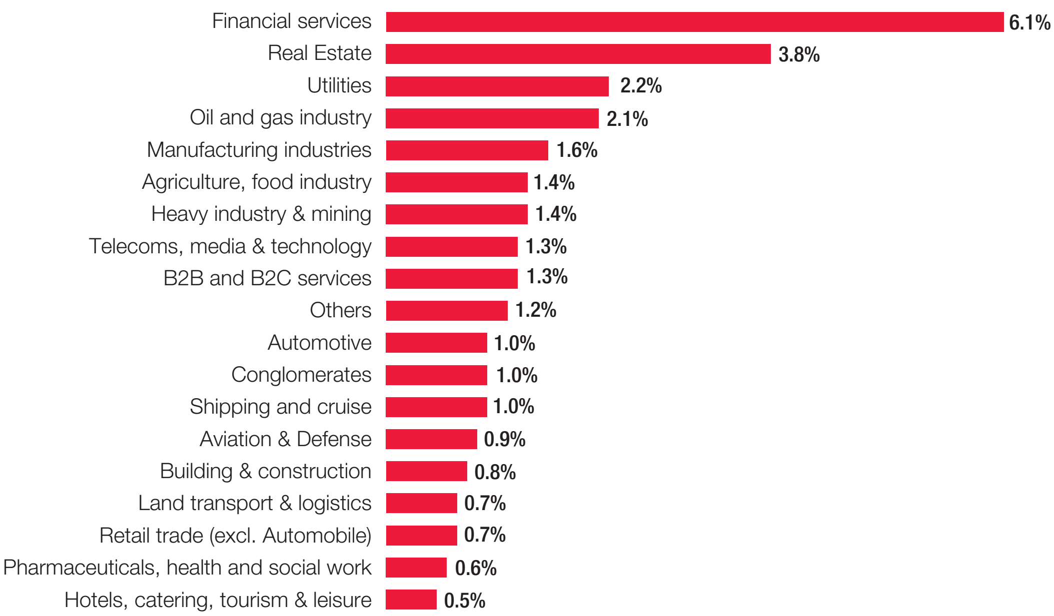
ASSETS AT AMORTISED COST (INSURANCE ACTIVITIES EXCLUDED): SECTORAL BREAKDOWN OF CORPORATE EXPOSURES ON THE TOTAL GROUP EXPOSURE OF FINANCIAL ASSETS AT AMORTISED COST (ALL BASEL CATEGORIES)

The graphs below show the sectoral breakdown of the “Corporate” Basel portfolio (see Tables "Group assets at amortised cost without insurance activities: outstanding amounts and impairments by basel portfolio" presented above). The percentages presented correspond to the net amounts (gross amounts reduced by the corresponding impairment).

SECTOR BREAKDOWN OF GROUP CORPORATE NET EXPOSURE OVER TAL NET EXPLOSURE OF FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2023



SECTOR BREAKDOWN OF GROUP CORPORATE NET EXPOSURE OVER TAL NET EXPLOSURE OF FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2022



NOTE 3.8.2 IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the impairment booked in these subsidiaries is presented below.

(In EURm)	Amount as at 31.12.2022 R	Allocations	Write-backs available	Net impairment losses	Write-backs used	Currency and scope effects	Amount as at 31.12.2023
Financial assets at fair value through other comprehensive income							
Impairment on performing outstanding (Stage 1)	6	45	(46)	(1)		-	5
Impairment on underperforming outstanding (Stage 2)	16	1	(6)	(5)		-	11
Impairment on doubtful outstanding (Stage 3)	6	-	(6)	(6)	-	-	-
TOTAL	**28**	**46**	**(58)**	**(12)**	**-**	**-**	**16**
Financial assets measured at amortised cost							
Impairment on performing assets outstanding (Stage 1)	1,042	719	(715)	4		2	1,048
Impairment on underperforming assets outstanding (Stage 2)	2,134	1,372	(1,510)	(138)		(23)	1,973
Impairment on doubtful assets outstanding (Stage 3)	7,855	3,389	(2,303)	1,086	(1,188)	(269)	7,484
TOTAL	**11,031**	**5,480**	**(4,528)**	**952**	**(1,188)**	**(290)**	**10,505**
o/w lease financing and similar agreements	***896***	***377***	***(315)***	***62***	***(101)***	***26***	***883***
Impairment on performing assets outstanding (Stage 1)	*110*	*64*	*(51)*	*13*		*4*	*127*
Impairment on underperforming assets outstanding (Stage 2)	*169*	*90*	*(106)*	*(16)*		*10*	*163*
Impairment on doubtful assets outstanding (Stage 3)	*617*	*223*	*(158)*	*65*	*(101)*	*12*	*593*

GROUP VARIATIONS OF DEPRECIATION WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCIAL ASSETS AT AMORTISED COST

Due to lack of significant variations of depreciations on financial assets measured at fair value through other comprehensive income and on financial assets at amortised cost of insurance activities, this information is not presented in the table below.

(In EURm)	Stage 1	Of which lease financing receivables	Stage 2	Of which lease financing receivables	Stage 3	Of which lease financing receivables	Total
Amount as at 31.12.2022	**1,042**	**110**	**2,134**	**169**	**7,855**	**617**	**11,031**
Production and Acquisition(1)	353	39	149	15	180	14	682
Derecognition(2)	(175)	(12)	(160)	-	(807)	(106)	(1,142)
Transfer from stage 1 to stage 2(3)	(48)	(6)	519	47	-	-	471
Transfer from stage 2 to stage 1(3)	29	3	(329)	(30)	-	-	(300)
Transfer to stage 3(3)	(16)	(2)	(154)	(16)	988	110	818
Transfer from stage 3(3)	2	-	41	3	(190)	(19)	(147)
Allocations and Write-backs without stage transfer(3)	(114)	(5)	(209)	(25)	(219)	(33)	(542)
Currency effect	(4)	-	(11)	-	(13)	4	(28)
Scope effect	(17)	-	(9)	-	(318)	-	(344)
Other variations	(4)	-	2	-	8	6	6
Amount as at 31.12.2023	**1,048**	**127**	**1,973**	**163**	**7,484**	**593**	**10,505**

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

(2) *Including repayments, disposals and debt waivers.*

(3) *The amounts presented in the transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.*

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST OF THE GROUP WITHOUT INSURANCE ACTIVITIES AS AT 30 JUNE 2023

The amounts presented in the transfers below include variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- the starting stage corresponds to the stage of the outstanding balance as at 31 December of the previous year;
- the end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstanding amounts	Impairment	Outstanding amounts	Impairment	Outstanding amounts	Impairment	Stock of outstanding amounts transferred as at 31 December	Stock of impairment associated with transferred outstanding amounts
Transfer from Stage 1 to Stage 2	(17,225)	(48)	13,051	519	-	-	13,051	519
Transfer from Stage 2 to Stage 1	11,315	29	(13,872)	(329)	-	-	11,315	29
Transfer from Stage 3 to Stage 1	240	2	-	-	(314)	(52)	240	2
Transfer from Stage 3 to Stage 2	-	-	726	41	(863)	(138)	726	41
Transfer from Stage 1 to Stage 3	(2,355)	(16)	-	-	2,214	554	2,214	554
Transfer from Stage 2 to Stage 3	-	-	(2,167)	(154)	1,928	434	1,928	434
Currency effect on contracts that change Stage	(114)	-	(48)	(2)	(5)	-	(167)	(2)

NOTE 3.8.3 CREDIT RISK PROVISIONS

BREAKDOWN

In accordance with the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the provisions of these subsidiaries are presented below.

(In EURm)	Amount as at 31.21.2022	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount as at 31.12.2023
Financing commitments						
Provisions on performing assets outstanding (Stage 1)	166	133	(147)	(14)	2	154
Provisions on underperforming assets outstanding (Stage 2)	251	159	(173)	(14)	(2)	235
Provisions on doubtful assets outstanding (Stage 3)	50	54	(86)	(32)	40	58
TOTAL	**467**	**346**	**(406)**	**(60)**	**40**	**447**
Guarantee commitments						
Provisions on performing assets outstanding (Stage 1)	57	47	(41)	6	(4)	59
Provisions on underperforming assets outstanding (Stage 2)	116	43	(72)	(29)	(3)	84
Provisions on doubtful assets outstanding (Stage 3)	258	92	(66)	26	(55)	229
TOTAL	**431**	**182**	**(179)**	**3**	**(62)**	**372**

GROUP VARIATIONS OF PROVISIONS WITHOUT INSURANCE ACTIVITIES ACCORDING TO CHANGES IN THE AMOUNT OF FINANCING AND GUARANTEE COMMITMENTS

Due to the absence of significant variations in the provisions on financing and guarantee commitments for insurance activities, this information is not presented in the table below.

	Provisions								
	On financing commitments				On guarantee commitments				
(In EURm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Totcal	Total
Amount as at 31.12.2022	**166**	**251**	**50**	**467**	**57**	**116**	**258**	**431**	**898**
Production and Acquisition[(1)]	51	14	10	75	23	17	36	76	151
Derecognition[(2)]	(50)	(59)	(3)	(112)	(19)	(20)	(67)	(106)	(218)
Transfer from Stage 1 to Stage 2[(3)]	(7)	56	-	49	(1)	11	-	10	59
Transfer from Stage 2 to Stage 1[(3)]	5	(29)	-	(24)	3	(14)	-	(11)	(35)
Transfer to Stage 3[(3)]	(1)	(2)	8	5	-	(2)	18	16	21
Transfer from Stage 3[(3)]	-	-	(1)	(1)	-	1	(6)	(5)	(6)
Allocations and Write-backs without stage transfer[(3)]	(9)	6	(11)	(14)	(3)	(22)	(10)	(35)	(49)
Currency effect	(1)	(2)	-	(3)	-	-	(1)	(1)	(4)
Scope effect	-	-	-	-	(1)	-	(1)	(2)	(2)
Other variations	-	-	5	5	-	(3)	2	(1)	4
Amount as at 31.12.2023	**154**	**235**	**58**	**447**	**59**	**84**	**229**	**372**	**819**

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

(2) Including repayments, disposals and debt waivers.

(3) The amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

DETAILS OF TRANSFERS BETWEEN STAGES FOR THE GROUP'S OFF-BALANCE SHEET COMMITMENTS EXCLUDING INSURANCE ACTIVITIES FOR THE PERIOD

The amounts presented in the transfers hereinafter include the variations due to amortisation and new drawdowns on the contracts active during the financial year.

To describe the transfers between steps:

- the starting stage corresponds to the stage of the outstanding balance as on 31 December of the previous year;
- the end stage corresponds to the stage of the outstanding balance at the end of the financial year (even in the event of several changes during the financial year).

	Financing commitments							
	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Stock of outstanding commitments transferred as at 31 December	Stock of provisions associated with transferred outstanding amounts
Transfer from Stage 1 to Stage 2	(2,856)	(7)	1,794	56	-	-	1,794	56
Transfer from Stage 2 to Stage 1	775	5	(892)	(29)	-	-	775	5
Transfer from Stage 3 to Stage 1	5	-	-	-	(6)	-	5	-
Transfer from Stage 3 to Stage 2	-	-	24	-	(26)	(1)	24	-
Transfer from Stage 1 to Stage 3	(110)	(1)	-	-	61	6	61	6
Transfer from Stage 2 to Stage 3	-	-	(36)	(2)	23	2	23	2
Currency effect on contracts that change Stage	(37)	-	(19)	-	-	-	(56)	-

	Guarantee commitments							
	Stage 1		Stage 2		Stage 3			
(In EURm)	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Outstanding amounts subject to impairment and provisions	Provisions	Stock of outstanding commitments transferred as at 31 December	Stock of provisions associated with transferred outstanding amounts
Transfer from Stage 1 to Stage 2	(1,583)	(1)	1,261	11	-	-	1,261	11
Transfer from Stage 2 to Stage 1	1,472	3	(1,711)	(14)	-	-	1,472	3
Transfer from Stage 3 to Stage 1	5	-	-	-	(8)	(1)	5	-
Transfer from Stage 3 to Stage 2	-	-	18	1	(26)	(5)	18	1
Transfer from Stage 1 to Stage 3	(82)	-	-	-	65	8	65	8
Transfer from Stage 2 to Stage 3	-	-	(62)	(2)	53	10	53	10
Currency effect on contracts that change Stage	(13)	-	(10)	-	-	-	(23)	-

NOTE 3.8.4 QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variation in credit risk impairment and provisions since 31 December 2022 is mainly linked to:

- covered losses on Stage 3 loans (EUR 1,181 million) included in the line derecognition.

  This is in line with the Group's strategy for managing non-performing loans (NPL), through write-offs and disposals of its defaulted exposure portfolios.

  Uncovered losses amount to EUR 333 million;
- transfer of loans to Stage 3 due to default for EUR 4.3 billion of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 840 million.

Particularly, this variation concerns:

- EUR 2.3 billion of outstanding amounts for which the impairment and provisions amount to EUR 553 million as at 31 December 2023. These contracts were in Stage 1 as at 31 December 2022;
- EUR 2.0 billion of outstanding amounts for which the impairment and provisions amount to EUR 287 million as at 31 December 2023. These contracts were in Stage 2 as at 31 December 2022;
- transfer of loans to Stage 2 due to downgraded ratings, transfer to "sensitive" or 30 days overdue for EUR 16.1 billion. This transfer resulted in an increase in impairment and provisions of EUR 530 million;
- the acquisition of LeasePlan resulted an increase in impairment and provisions of EUR 51 million, included in the line Scope effect;
- IFRS 5 entities classified as held for sale. This classification resulted a decrease in impairment and provisions of EUR 346 million, included in the line Scope effect.

NOTE 3.8.5 COST OF RISK

ACCOUNTING PRINCIPLES

Cost of credit 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 credit 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.

SYNTHESIS

(In EURm)	31.12.2023	31.12.2022 R
Cost of credit risk of financial assets from insurance activities	7	1
Cost of credit risk	(1,025)	(1,647)
TOTAL	**(1,018)**	**(1,646)**

Following the application of IFRS 9 “Financial instruments” by the insurance subsidiaries (see Note 1), the cost of credit risk for these subsidiaries is also presented below.

(In EURm)	31.12.2023	31.12.2022 R
Net allocation to impairment losses	(940)	(1,464)
On financial assets at fair value through other comprehensive income	*12*	-
On financial assets at amortised cost	*(952)*	*(1,464)*
Net allocations to provisions	57	(23)
On financing commitments	*60*	*(10)*
On guarantee commitments	*(3)*	*(13)*
Losses not covered on irrecoverable loans	(333)	(318)
Amounts recovered on irrecoverable loans	200	132
Effect from guarantee not taken into account for the calculation of impairment	(2)	27
TOTAL	**(1,018)**	**(1,646)**
o/w cost of risk on sound outstanding classified in Stage 1	*0*	*(58)*
o/w cost of risk on doubtful loans classified in Stage 2	*176*	*(618)*
o/w cost of risk on doubtful loans classified in Stage 3	*(1,194)*	*(970)*

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.

The fair value of financial instruments includes accrued interest if applicable.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note are estimates of their fair value broken down according to the fair value hierarchy as described in Note 3.4.

These estimates are disclosed for information purpose only, they are not used for the management of the Group’s activities, and should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2023				
(In EURm)	Carrying amount[2]	Fair value	Level 1	Level 2	Level 3
Due from banks	77,879	77,853	-	60,577	17,276
Customer loans[1]	485,449	466,421	-	171,898	294,523
Debt securities	28,147	27,801	12,477	12,010	3,314
TOTAL	**591,475**	**572,075**	**12,477**	**244,485**	**315,113**

(1) *Carrying amount consists of EUR 158,237 million of assets floating rate and EUR 327,212 million of assets fixed rate (including EUR 69,811 million fixed rate less than one year).*

(2) *Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -433 million.*

	31.12.2022 R				
(In EURm)	Carrying amount[2]	Fair value	Level 1	Level 2	Level 3
Due from banks	68,171	67,964	-	54,582	13,382
Customer loans[1]	506,635	480,914	-	196,255	284,659
Debt Securities	26,143	25,285	10,572	10,581	4,132
TOTAL	**600,949**	**574,163**	**10,572**	**261,418**	**302,173**

(1) *Carrying amount consists of EUR 157,180 million of assets floating rate and EUR 349,455 million of assets fixed rate (including EUR 101,969 million fixed rate less than one year).*

(2) *Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -2,262 million.*

NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2023				
(In EURm)	Carrying amount[2]	Fair value	Level 1	Level 2	Level 3
Due to banks	117,847	117,793	189	114,909	2,695
Customer deposits[1]	541,677	540,624	-	524,565	16,059
Debt securities issued	160,506	159,282	31,590	124,590	3,102
Subordinated debt	15,894	15,129	1,014	14,115	-
TOTAL	**835,924**	**832,828**	**32,793**	**778,179**	**21,856**

(1) *Carrying amount consists of EUR 148,887 million of liabilities floating rate and EUR 392,790 million of liabilities fixed rate (including EUR 359,618 million fixed rate less than one year).*

(2) *Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -5,857 million.*

	31.12.2022 R				
(In EURm)	Carrying amount[2]	Fair value	Level 1	Level 2	Level 3
Due to banks	133,011	133,009	255	118,331	14,423
Customer deposits[1]	530,764	529,099	-	457,003	72,096
Debt securities issued	133,176	131,290	22,838	106,619	1,833
Subordinated debt	15,948	15,949	-	15,949	-
TOTAL	**812,899**	**809,347**	**23,093**	**697,902**	**88,352**

(1) *Carrying amount consists of EUR 188,638 million of liabilities floating rate and EUR 342,126 million of liabilities fixed rate (including EUR 304,070 million fixed rate less than one year).*

(2) *Carrying amount does not include the revaluation differences on portfolios hedged against interest rate risk for an amount of EUR -9,659 million.*

In a context of rising interest rates, financial assets, unlike financial liabilities, have a fair value significantly lower than their book value. This asymmetry can be explained in particular by the fact that debts to customers are mainly composed of demand deposits whose fair value is equal to their nominal value due to their immediate contractual maturity. This asymmetry is partially reduced by taking into account the interest rate hedges applicable to these deposits.

Since the contractual maturity of these deposits is immediate, the discounting effect is nil and their fair value is equal to their nominal amount.

NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark actuarial rate published by Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans with similar maturities.

For fixed-rate loans with an initial maturity less than or equal to one year and for variable-rate financial assets (loans, receivables, finance lease agreements), the fair value is assumed equal to the net book value of the impairments, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

In the absence of an active debt market, the fair value of debts is assumed to be equal to the value of the future flows discounted according to the available market rates applicable to the product concerned on the closing date.

When the debt is a listed instrument, its fair value is its market value.

For debts with a floating-rate and debts with an initial maturity of less than or equal to one year, fair value is taken to be the same as the carrying amount. Similarly, the individual fair value of demand deposit accounts is equal to their carrying amount.

SECURITIES

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

In the absence of an active market, the fair value of the securities is calculated taking into account the value of future cash flows discounted according to the interest rate parameters available on the market and applicable to the product concerned as at closing date. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

NOTE 3.10 Commitments and assets pledged and received as securities

ACCOUNTING PRINCIPLES

Loan commitments

The nominal amount of loan commitments is detailed in the table below. Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value in the balance sheet. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

Guarantee commitments

The nominal amount of guarantee commitments is detailed in the table below. When considered as non-derivative financial instruments, the financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

Securities commitments

Securities bought and sold, which are booked to Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of the securities measured at fair value through profit or loss and the securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or to equity, depending on the accounting classification of the securities in question.

Assets pledged as and received as collateral

The financial assets pledged as collateral are carried in the balance sheet whenever the Group has not transferred to the recipients of collateral the contractual rights to receive asset cash flows or substantially all the risks inherent to their ownership.

Likewise, the Group does not recognise on its balance sheet the assets received as collateral if the contractual rights to receive these asset cash flows and substantially all the risks and rewards inherent to their ownership have not been transferred to it.

NOTE 3.10.1 COMMITMENTS

COMMITMENTS GRANTED

(In EURm)	31.12.2023	31.12.2022 R
Loan commitments		
To banks	97,092	84,882
To customers	224,548	228,036
Issuance facilities	*83*	*83*
Confirmed credit lines	*210,499*	*202,401*
Others	*13,966*	*25,552*
Guarantee commitments		
On behalf of banks	5,733	6,598
On behalf of customers(1)	75,685	88,779
Securities commitments		
Securities to be delivered	41,083	38,199
Acquisition of tangible assets commitments		
Purchase of vehicles and underlying assets subject to an operating lease	9,191	6,344

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

COMMITMENTS RECEIVED

(In EURm)	31.12.2023	31.12.2022 R
Loan commitments		
From banks	66,312	86,440
Guarantee commitments		
From banks	117,694	127,233
Other commitments(1)	199,747	178,486
Securities commitments		
Securities to be received	38,522	38,563

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

NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

(In EURm)	31.12.2023	31.12.2022 R
Book value of assets pledged as security for liabilities(1)	337,037	357,694
Book value of assets pledged as security for transactions in financial instruments(2)	69,447	85,717
Book value of assets pledged as security for off-balance sheet commitments	2,209	2,547
TOTAL	**408,693**	**445,958**

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).
(2) Assets pledged as security for transactions in financial instruments mainly include security deposit.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In EURm)	31.12.2023	31.12.2022 R
Fair value of securities purchased under resale agreements	**193,154**	**150,614**

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 3.11 Transferred financial assets

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under Liabilities on the liabilities side of the balance sheet, with the exception of the transactions initiated under trading activities, which are recorded under Financial liabilities at fair value through profit or loss.

Securities involved in a reverse repurchase agreement or a securities borrowing transaction are not recorded in the Group's balance sheet. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under Customer Loans and receivables or Due from banks on the asset side of the balance sheet, with the exception of transactions initiated under trading activities which are recorded under Financial assets at fair value through profit or loss. If the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under Financial liabilities at fair value through profit or loss.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases in the value of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

NOTE 3.11.1 TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31.12.2023		31.12.2022 R	
(In EURm)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	13,402	11,098	14,992	11,876
Securities at fair value through other comprehensive income	13,457	11,159	13,427	11,163
Securities at amortised cost	187	182	249	239
TOTAL	**27,046**	**22,439**	**28,668**	**23,278**

SECURITIES LENDING

	31.12.2023		31.12.2022 R	
(In EURm)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	14,509	-	12,455	-
Securities at fair value through other comprehensive income	228	-	249	-
Securities at amortised cost	8	-	8	-
TOTAL	**14,745**	**-**	**12,712**	**-**

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

(In EURm)	31.12.2023	31.12.2022
Customers loans		
Carrying amount of transferred assets	8,663	4,613
Carrying amount of associated liabilities	6,869	4,188
Fair value of transferred assets (A)	8,857	4,750
Fair value of associated liabilities (B)	6,872	4,188
Net position (A)-(B)	**1,985**	**562**

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2023, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 Offsetting financial assets and financial liabilities

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These tables also indicate the amounts which may be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP. This affects in particular financial instruments that may only be offset in the event of the default, insolvency or bankruptcy of one of the counterparties, as well as instruments pledged by cash or securities collateral. These mainly include over-the-counter interest rate options, interest rate swaps and securities purchased/sold under resale/repurchase agreements.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

NOTE 3.12.1 AT 31 DECEMBER 2023

ASSETS

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet: Gross amount	Amount offset	Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements[1]: Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	Net amount
Derivative financial instruments[2] (see Notes 3.1 and 3.2)	14,871	207,534	(128,285)	94,120	(59,842)	(8,762)	1	25,517
Securities lent	1,165	13,580	-	14,745	(12,560)	(28)	-	2,157
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	39,578	240,706	(87,130)	193,154	(17,786)	(551)	(92,883)	81,934
Guarantee deposits pledged (see Note 4.4)	38,854	12,757	-	51,611	-	(12,757)	-	38,854
Other assets not subject to offsetting	1,200,415	-	-	1,200,415	-	-	-	1,200,415
TOTAL	**1,294,883**	**474,577**	**(215,415)**	**1,554,045**	**(90,188)**	**(22,098)**	**(92,882)**	**1,348,877**

(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.
(2) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 60,964 million of cash margin received.

LIABILITIES

(In EURm)	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet: Gross amount	Amount offset	Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements[1]: Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount
Derivative financial instruments[2] (see Notes 3.1 and 3.2)	20,358	216,438	(128,285)	108,511	(59,842)	(12,757)	-	35,912
Amount payable on borrowed securities (see Note 3.1)	27,419	15,064	-	42,483	(12,559)	-	-	29,924
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	48,124	190,964	(87,130)	151,958	(17,787)	-	(81,541)	52,630
Guarantee deposits received (see Note 4.4)	43,912	9,341	-	53,253	-	(9,341)	-	43,912
Other liabilities not subject to offsetting	1,121,593	-	-	1,121,593	-	-	-	1,121,593
TOTAL	**1,261,406**	**431,807**	**(215,415)**	**1,477,798**	**(90,188)**	**(22,098)**	**(81,541)**	**1,283,971**

(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.
(2) At 31 December 2023, the amount offset within the "Derivative financial instruments" section includes EUR 63,797 million of cash margin paid.

NOTE 3.12.2 AT 31 DECEMBER 2022 R

ASSETS

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements(1)			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments received as collateral	
Derivative financial instruments*(2) (see Notes 3.1 and 3.2)	12,359	229,575	(132,188)	109,746	(70,657)	(9,292)	-	29,797
Securities lent	3,951	8,809	-	12,760	(6,996)	(39)	-	5,725
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	50,097	200,497	(99,980)	150,614	(7,927)	(1,634)	(61,768)	79,285
Guarantee deposits pledged (see Note 4.4)	53,614	14,154	-	67,768	-	(14,154)	-	53,614
Other assets not subject to offsetting	1,144,012	-	-	1,144,012	-	-	-	1,144,012
TOTAL	**1,264,033**	**453,035**	**(232,168)**	**1,484,900**	**(85,580)**	**(25,119)**	**(61,768)**	**1,312,433**

(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.
(2) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 62,652 million of cash margin received.

LIABILITIES

(In EURm)	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements(1)			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	
Derivative financial instrument*(2) (see Notes 3.1 and 3.2)	15,365	235,643	(132,188)	118,820	(70,657)	(14,154)	-	34,009
Amount payable on borrowed securities (see Note 3.1)	32,235	18,866	-	51,101	(6,996)	-	-	44,105
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	43,652	170,223	(99,980)	113,895	(7,927)	-	(51,400)	54,568
Guarantee deposits received (see Note 4.4)	63,341	10,965	-	74,306	-	(10,965)	-	63,341
Other liabilities not subject to offsetting	1,053,452	-	-	1,053,452	-	-	-	1,053,452
TOTAL	**1,208,045**	**435,697**	**(232,168)**	**1,411,574**	**(85,580)**	**(25,119)**	**(51,400)**	**1,249,475**

** 2022 amounts restated to present the effects of offsetting on OTC derivative financial instruments and associated margin calls, in application of Collateralized-To-Market model by clearing houses.*
(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.
(2) At 31 December 2022, the amount offset within the "Derivative financial instruments" section includes EUR 65,574 million of cash margin paid.

NOTE 3.13 Contractual maturities of financial liabilities

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2023
Due to central banks	9,718	-	-	-	9,718
Financial liabilities at fair value through profit or loss	239,500	35,406	56,145	44,533	375,584
Due to banks	62,587	43,357	10,724	1,179	117,847
Customer deposits	481,894	36,166	19,976	3,641	541,667
Debts securities issued	35,963	27,977	67,755	28,811	160,506
Subordinated debt	213	76	6,594	9,011	15,894
Other liabilities	84,028	2,548	3,822	3,260	93,658
TOTAL LIABILITIES	**913,903**	**145,530**	**165,016**	**90,435**	**1,314,884**
Loan commitments granted and others(1)	145,084	50,230	117,341	18,176	330,831
Guarantee commitments granted	40,697	16,653	15,861	8,207	81,418
TOTAL COMMITMENTS GRANTED	**185,781**	**66,883**	**133,202**	**26,383**	**412,249**

(1) *This line includes commitments relating to the purchase of vehicles and underlying equipment subject to an operating lease.*

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there are no contractual terms, as well as for trading financial instruments (*e.g.*: derivatives), maturities are presented in the first column (up to three months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of flow; if not available, they are presented in the first column (up to three months).

NOTE 4 OTHER ACTIVITIES

NOTE 4.1 Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation 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.

	2023			2022 R		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**134**	**(125)**	**9**	**133**	**(110)**	**23**
Transactions with customers	**2,979**		**2,979**	**3,088**		**3,088**
Financial instruments operations	**3,366**	**(2,976)**	**390**	**2,475**	**(2,447)**	**28**
Securities transactions	717	(1,268)	(551)	495	(1,008)	(513)
Primary market transactions	547		547	162		162
Foreign exchange transactions and derivatives instruments	2,102	(1,708)	394	1,818	(1,439)	379
Loan and guarantee commitments	**1,004**	**(429)**	**575**	**974**	**(424)**	**550**
Various services	**2,580**	**(945)**	**1,635**	**2,730**	**(1,202)**	**1,528**
Asset management fees	316		316	329		329
Means of payment fees	1,018		1,018	1,072		1,072
Insurance product fees	208		208	236		236
Underwriting fees of UCITS	82		82	75		75
Other fees	956	(945)	11	1,018	(1,202)	(184)
TOTAL	**10,063**	**(4,475)**	**5,588**	**9,400**	**(4,183)**	**5,217**

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 8.3).

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 8.3). 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.

	2023			2022 R		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Real estate development	60	(4)	56	69	-	69
Real estate leasing	87	(174)	(87)	80	(151)	(71)
Equipment leasing(1)	20,107	(15,992)	4,115	12,490	(9,466)	3,024
Other activities	751	(1,224)	(473)	662	(1,008)	(346)
TOTAL	**21,005**	**(17,394)**	**3,611**	**13,301**	**(10,625)**	**2,676**

(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.*

NOTE 4.3 Insurance activities

MAKING IT SIMPLE

Insurance activities (life insurance 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. Based on a current estimate of the future cash flows from the insurance contracts issued (premiums, indemnification, benefits, associated costs…), the main objective of these rules is to recognise the expected profit progressively over the period during which the insurance services are provided.

ACCOUNTING PRINCIPLES

Insurance contracts subject to IFRS 17 "Insurance Contracts" are insurance contracts issued, reinsurance contracts issued (reinsurance assumed) or held (reinsurance ceded), as well as investment contracts issued including a discretionary participation clause provided that they are issued by an entity which also issues insurance contracts.

The accounting principles below do not apply to the insurance contracts for which the Group is the insured beneficiary except for the contracts identified as reinsurance treaties.

Investment contracts without discretionary participation features and with no insurance component (pure unit-linked contracts) do not meet the IFRS 17 definition of an insurance contract and are recognised as Financial liabilities measured at fair value through profit or loss (see Note 3.1 paragraph 3). These are financial liabilities indexed on the performance of underlying assets for which the Group has elected to exercise the option to measure the instruments at fair value without requiring the separation of the embedded derivatives.

Grouping of contracts

For their assessment, insurance contracts are grouped into homogeneous portfolios to take account of the pooling of risks specific to the insurance activity. These portfolios include insurance contracts that are exposed to similar risks and managed together.

Within each portfolio, three groups of contracts shall be distinguished on initial recognition of the later: onerous contracts, contracts with no significant possibility of becoming subsequently onerous, and other contracts.

Lastly, contracts issued more than one year apart cannot be included in the same group. Consequently, each group of contracts shall be subdivided into annual cohorts. However, while adopting IFRS 17, the European Union has provided European undertakings with an option not to implement this provision to contracts benefiting from an intergenerational mutualisation of returns on the underlying assets in countries where these undertakings market insurance contracts.

The Group uses this optional exemption on the life-insurance savings and retirement savings contracts issued (for instance, contracts invested in euro-denominated funds) as they include direct or discretionary profit-sharing items for which both risks and cashflows are shared between different generations of policyholders. These savings life-insurance contracts are also managed on an intergenerational basis in order to mitigate interest rate risk and longevity risk exposures.

The portfolios of contracts are determined by the Group, using *(i)* the product line to identify the insurance contracts exposed to similar risks and *(ii)* the country of issuance of the contract and/or the distribution entity.

When the materiality of the outstanding amounts of the contracts concerned is not significant in the context of the aggregates of the Group's consolidated balance sheet, some of these portfolios may be grouped together.

The major portfolios identified by the Group are as follows:

Scope of products	Product line
Savings	Life Insurance Savings with accumulation of capital paid out upon surrender or death (investments in euro funds, unit-linked funds, multivehicle contracts).
Retirement	Individual and group insurance contracts such as Retirement savings plans (French *Plan Épargne Retraite – PER*) with payout in annuities and/or capital (single or multiple unit-linked investments).
Protection – Provident	Borrower insurance; Individual protection; Group protection; Individual health insurance; Group health insurance; Funeral insurance; Nursing care insurance.
Protection – Non-life insurance (property and casualty)	Personal injury accident; Insurance of the Means of payment; Multi-risk home insurance; Land motor vehicle insurance; Miscellaneous Risk Insurance.

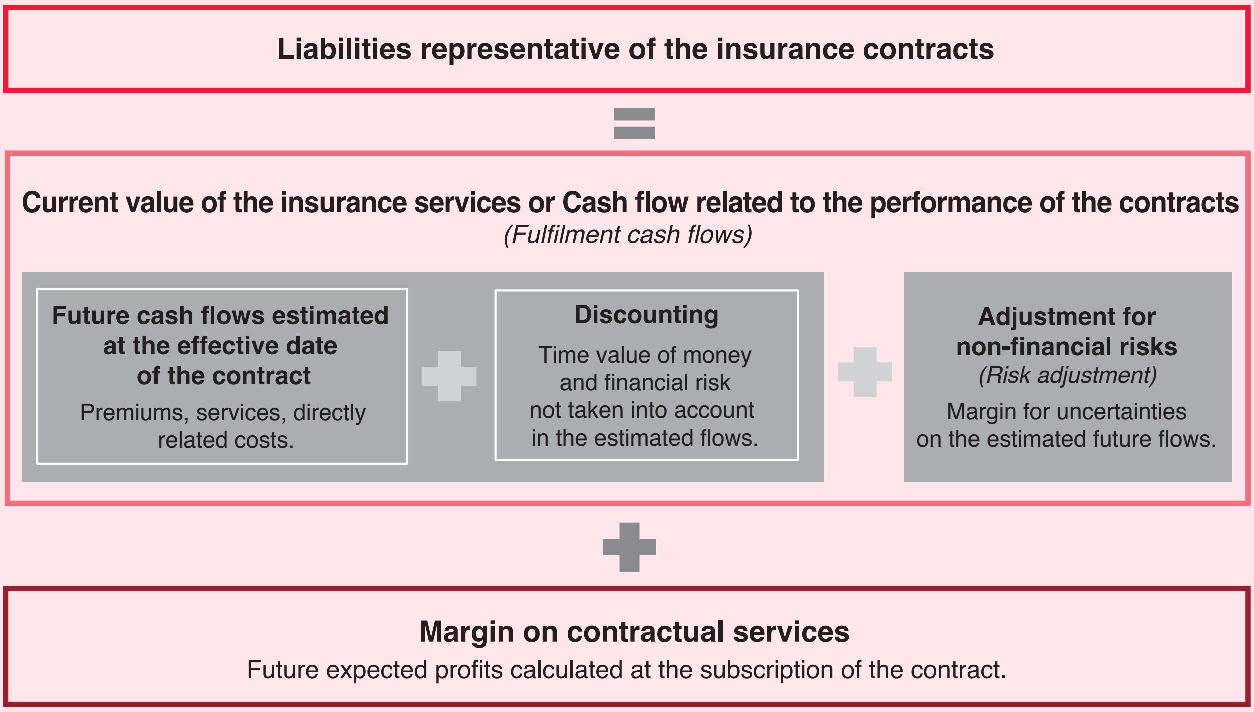
Measurement models

Each group of insurance contracts is measured separately, and its value is presented in the balance sheet either under Insurance and reinsurance contract assets or under Insurance and reinsurance contract liabilities.

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 items:



Future estimated cash flows

These cash flows are the current estimates of all the amounts that the insurer expects to receive (for premiums…) or pay to the benefit of insurance policyholders (in relation to life insurance, claims to be compensated, guaranteed benefits and other directly attributable expenses) as part of the fulfilment of insurance contracts, until their settlement.

These amounts are adjusted to reflect:

- the present value of the future cash flows taking into account the time value of money and the financial risks related to the future cash flows (see Discounting);
- the uncertainties about the amount and frequency of the cash flows (see Adjustment for non-financial risk).

Discounting

The future cash flows estimated are discounted using a risk-free yield curve (swap rate curve) adjusted for an illiquidity premium to represent the differences in characteristics between the liquid, risk-free financial instruments and the financial instruments backed insurance contracts (bottom-up approach).

Adjustment for non-financial risk

The discounted cash flows are adjusted to reflect the uncertainties about the amount and frequency of the future cash flows. This adjustment for non-financial risks is determined using a quantile approach based on a confidence level of 80% for the Retirement Savings business. Thus, the technical provisions supplemented with this risk adjustment will allow these estimated future cash flows to be covered in 80% of probable cases, a level of caution deemed appropriate. For the Protection business, this quantile level is between 80% and 90%.

The calculation method of the adjustment for non-financial risks does not take into account the diversification effect between the different insurance activities and between the different entities; however, it includes a diversification by products.

Contractual service margin (CSM)

The contractual service margin (CSM) represents the unearned profit that the entity will recognise in the income statement as the insurance services are provided in the future. Its amount is determined at the time of initial recognition of the group of insurance contracts so that, at that date, neither income nor expense is recorded in the income statement. In the event of onerous contracts, the expected loss shall immediately be recognised in profit or loss. This initial loss will later be reversed in profit or loss to offset the expense for incurred claims.

Subsequent measurement

On each closing date, the carrying amount in the balance sheet of the group of insurance contracts issued is remeasured. It is then equal to the sum of the following amounts:

- the liability for remaining coverage (LRC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to future services (discounted value of the amounts receivable and payable related to the supply of insurance services on the remaining coverage period and the deposit components) and, when appropriate, the contractual service margin reestimated on the same date as described below;
- the liability for incurred claims (LIC), for an amount equal to the reestimated value as at the date of the fulfilment cash flows related to past services (discounted value of the amounts payable in relation to services on already incurred claims).

Income and expense are recognised for the changes in liabilities for remaining coverage and for incurred claims, as summarised below:

	Changes in liability for remaining coverage	**Changes in liability for incurred claims**
Insurance products	■ Reversals related to the insurance services provided during the period	
Insurance services expenses	■ Losses recognised on onerous contracts and reversal of these losses	■ Allocations of liabilities for the incurred claims and the unfunded expenses incurred during the period ■ Subsequent changes in the fulfilment cash flows relating to the incurred claims and the unfunded expenses incurred
Insurance financial expenses and income	■ Account taken of the impacts of the time value of money	■ Account taken of the impacts of the time value of money

On this same closing date, the amount of contractual service margin is adjusted to take notably account, for all contracts, of:

- the impact of the new contracts added to the Group;
- the interest capitalised on the carrying amount of the margin at the discounting rate used to determine the initial margin value;
- the reestimate of the fulfilment cash flows (discounted value of the amounts receivable and payable related to the insurance services provided during the remaining coverage period, excl. estimated amounts to be paid for already incurred claims that are subject to separate measurement);
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

Moreover, the contractual service margin is recognised in profit or loss according to coverage units that reflect the amount of service provided and the expected coverage period for the contracts remaining in the group of contracts.

The contractual service margin is not adjusted for the following changes in cash flows as they are not related to future services:

- inclusion of the impacts (and changes in them) of the time value of money and the financial risk (for example, the impact of a change in the discounting rate);
- changes in estimates of the fulfilment cash flows of liabilities for incurred claims;
- adjustments related to experience (difference between the estimate of the amounts expected for the period and the actual cash flows of the period).

Protection-Provident business

The Group mainly applies the General Model to measure its Protection-Provident contracts (borrower insurance, funeral, dependency contracts…).

For the Protection – Provident business, the insured value (for example the outstanding capital of the loan in the context of a borrower contract) is used to measure the quantity of service (or coverage units) provided or to be provided, in order to recognise a portion of the contractual service margin in the net income of the period.

GENERAL MODEL ADAPTED TO THE INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION FEATURES (VARIABLE FEE APPROACH)

Insurance contracts issued with direct participation features may be regarded as creating an obligation to pay to policyholders an amount equal to the fair value of the underlying items (for example, investments in units of funds), minus a variable fee for the service.

The variable fee:

a) represents the counterparty that a company receives to provide investment services;

b) is based on the portion of the performance of theunderlying items that varies over time. Consequently, the variable fee reflects the performance of the underlying items and the other cash flows necessary for the fulfilment of the contracts.

The general accounting model is adapted to reflect that the consideration received for this type of contract is a variable fee (Variable Fee Approach – VFA).

This adaptation of the general accounting model is used to measure the groups of insurance contracts for which:

- the contractual clauses specify that the policy holder is entitled to a portion of a clearly defined portfolio of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the yield on the fair value of the underlying items; and
- the entity expects any change in the amounts payable to the shareholder to be attributable, substantially, to a change in fair value of the underlying items.

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

This measurement model is in line with the general model with regards to the following items:

- the fulfilment cash flows are measured the same way;
- during the initial measurement, the contractual service margin is identical;
- the subsequent changes in the fulfilment cash flows associated with the future services adjust the contractual service margin while the other changes, related to the services provided during the period or before impact the net income.

There are however several differences:

	General model	Tailored General model – VFA
Recognition of the changes in fulfilment cash flows in relation to the changes in discounting rates and other financial variables	■ in full in the Statement of net income and unrealised or deferred gains and losses	■ as an adjustment of the contractual service margin for the portion of this change associated with the insurer's share of underlying items
Determination of the interest expense for the capitalisation of interest on the contractual service margin	■ explicitly applying the discount rate used during the initial measurement	■ implicitly when taking account of the insurer's share in the change in fair value of the underlying items for the determination of the contractual service margin

Savings and Retirement business

The Group determined that the majority of life savings insurance contracts and individual and collective retirement savings contracts issued by its insurance subsidiaries meet the definition of contracts with direct participation features. These contracts, which make up the Group's predominant insurance activity (some 99% of the discounted estimated cash flows), are measured using the adapted General model known as Variable Fee Approach (VFA). The other contracts in these categories are measured based on the General Model or under IFRS 9 if they meet the definition of an investment contract.

For the Savings and Retirement business, the quantity of service (or coverage units) used for the amortisation of the contractual service margin (CSM) is intended to reflect, from an economic standpoint, the asset management service provided by the insurer during the period. This quantity is determined based on the future cash flows estimated over the ongoing and future periods. An adjustment is made in order to recognise the CSM at an appropriate pace, taking account of the financial performance of the underlying assets.

GENERAL MODEL ADAPTED TO THE REINSURANCE CONTRACTS HELD

Following the issuance of insurance contracts, some risks may be ceded to another insurance company through reinsurance contracts.

The general accounting model is adapted to take account of the specificities of the reinsurance contracts held. These reinsurance contracts held are booked under the General Model, modified on the following features:

Estimate of the fulfilment cash flows	The fulfilment cash flows take into account the risk of non-fulfilment by the issuer of the reinsurance contract (*i.e.* the risk of not recovering the expected compensation in the event of default of the reinsurer).
Measurement of the contractual service margin during initial recognition	Any net cost or profit determined at initial recognition (determined based on the estimated amount of premiums payable, expenses to be paid and compensations to be received) is recognised as a contractual service margin.
Measurement of the contractual service margin in the context of onerous underlying contracts	The contractual service margin is adjusted and an income is recognised accordingly, when a loss is recognised at initial recognition of a group of onerous underlying insurance contracts or when onerous underlying insurance contracts are added to the Group.

SIMPLIFIED MODEL (PREMIUM ALLOCATION APPROACH)

The standard also allows, under some conditions, for the application of a simplified accounting model for the contracts whose insurance coverage is lower or equal to 12 months, or for which the measurement of the Group's remaining coverage liabilities determined using this approach is not significantly different from the one that would result from the application of the general model.

The remaining coverage liabilities presented on the balance sheet corresponds to:

- the amount of premium received under the contract adjusted for the amounts recognised as insurance contracts income as the Company provides the insurance coverage;
- minus the remaining depreciable acquisition costs paid.

If a group of contracts is onerous, the remaining coverage liability is increased up to the estimated future fulfilment cash flows and a loss is recognised in the income statement.

The incurred claim liability is measured based on the general model. The Group does not discount the liability when it expects the claims to be settled within one year.

The simplified approach does not require:

- an explicit measurement of the contractual service margin;
- an update of the remaining coverage liability for the changes in discount rate and financial variables.

Protection – non-life insurance activity

The Group mostly applies the simplified approach to measure its non-life insurance contracts (personal injuries, means of payment, multi-risk home insurance…).

Presentation of the financial performance of insurance contracts

Expenses and income relating to insurance contracts are presented in the income statement, distinguishing between:

- the income arising from insurance services which includes:
  - income from insurance contracts issued,
  - insurance services expenses,
  - net income or expenses from the reinsurance contracts held;
- the financial result of the insurance and reinsurance contracts.

INCOME FROM INSURANCE CONTRACTS ISSUED

The revenues from insurance contracts represent the consideration that the insurance subsidiary expects to receive (representative of the premium received) against the services provided under the contracts.

The revenues recognised for the period include the amount representative of the premium received as coverage of the insurance service expenses and the margin expected in relation to the services provided during the period.

Many insurance contracts providing investment services include a deposit component, which is an amount paid by the policyholder and repaid by the insurer even when the insured event does not take place. These deposit components are excluded from the income statement, as the collection and repayment of a deposit are not, respectively, an income and an expense.

INSURANCE SERVICES EXPENSES

Insurance services expenses reflect the costs incurred to provide services over the period, including those associated with the claims incurred, and excluding the deposit component.

The expenses recorded over the period include the insurance services expenses related to the services provided for the incurred claims during the current or past periods and other amounts such as the amortisation of the insurance acquisition costs, the costs on onerous contracts and their reversals.

INCOME AND EXPENSES OF THE REINSURANCE CONTRACTS HELD.

Income and expenses are representative of the amounts recovered from reinsurers and of the allocation of the premiums paid for this coverage.

FINANCIAL INCOME AND EXPENSES OF INSURANCE CONTRACTS

The fulfilment cash flows and contractual service margin are booked on a discounted basis reflecting the frequency of cash flows. Over time, the effect of the time value of money decreases, which is reflected in the income statement as an insurance financial expense (the present value of future disbursements increases). Indeed, the financing costs (financial expenses of the contracts) of insurance are similar to the interest paid by the insurer on an early payment (in the form of a premium) and reflect the fact that the insurer usually receives the premiums in advance and pays benefits at a later date.

Finance income or expenses from insurance also include the effects on the carrying amount of insurance contracts of some changes in financial assumptions (namely discount rate and other financial variables).

The effect of the changes in discount rates and other financial variables is recognised over the period during which the changes occurred. The Group has elected, for most of its groups of contracts, to present the effect of these changes in a disaggregated manner between the income statement and equity. The aim of this choice is to minimise accounting mismatch between the investments of the insurance activity (associated to the financial assets held to cover the insurance contracts) and the financial expenses of the insurance contracts. This choice is made for each group of insurance contracts.

The Group decided to present the Notes detailing the financial data of the insurance subsidiaries distinguishing between the data attributed to the insurance contracts within the scope of IFRS 17 (columns headed Insurance contracts) including the measurement of these contracts and the investments backing them. These data also distinguish between the insurance contracts issued with direct participation features measured using the VFA model and their underlying investments.

The financial data of the investment contracts without participation features and without insurance component (contracts within the scope of IFRS 9) as well as all financial instruments that are not backing insurance contracts within the scope of IFRS 17 (ex: financial instruments negotiated in the context of the investment of equity) are presented separately from the other financial data in the Others column.

As a reminder, on the transition date of 1 January 2022, the Group applied a modified retrospective approach for the measurement of savings life insurance contracts and retirement savings contracts which represent the vast majority of its contracts. Damage Protection contracts were subject to a complete retrospective approach. For Personal protection contracts, a complete or modified retrospective approach has been implemented on a case-by-case basis.

The future cash flows of the assets and liabilities of the insurance contract assets and liabilities are discounted using a risk-free rate curve (swap rate curve) modified by an illiquidity premium per entity and per activity. The following table shows the average discount rates used:

Average discount rate for the euro	31.12.2023						31.12.2022 R					
	1 year	5 years	10 years	15 years	20 years	40 years	1 year	5 years	10 years	15 years	20 years	40 years
Savings and retirement	4.27%	3.24%	3.31%	3.39%	3.34%	3.27%	3.73%	3.69%	3.66%	3.58%	3.32%	3.12%
Protection	3.74%	2.74%	2.77%	2.83%	2.74%	2.82%	3.21%	3.17%	3.14%	3.06%	2.80%	2.74%

NOTE 4.3.1 EXCERPT FROM THE BALANCE SHEET OF THE INSURANCE ACTIVITY

The tables below present the carrying amount of the assets and liabilities recognised on the balance sheet of the Group's insurance subsidiaries for:

- Insurance contracts or investment contracts;
- Investments made (whether or not backed by insurance contracts).

DETAIL OF ASSETS

	31.12.2023				31.12.2022 R			
	Insurance contracts				Insurance contracts			
(In EURm)	With direct partici-pations features	Other	Other	Total	With direct partici-pations features	Other	Other	Total
Financial assets at fair value through profit or loss	**107,864**	**211**	**3,794**	**111,869**	**92,759**	**216**	**4,739**	**97,714**
Trading portfolio	547	-	20	567	833	-	25	858
Shares and other equity securities	-	-	-	-	-	-	*17*	*17*
Trading derivatives	*547*	-	*20*	*567*	*833*	-	*8*	*841*
Financial assets measured mandatorily at fair value through profit or loss	93,912	205	3,725	97,842	78,677	210	4,712	83,599
Bonds and other debt securities	*30,332*	*14*	*117*	*30,463*	*21,968*	*21*	*229*	*22,218*
Shares and other equity securities	*62,563*	*186*	*3,304*	*66,053*	*55,671*	*184*	*4,086*	*59,941*
Loans, receivables and securities purchased under resale agreements	*1,017*	*5*	*304*	*1,326*	*1,038*	*5*	*397*	*1,440*
Financial instruments measured using fair value option through profit or loss	13,405	6	49	13,460	13,249	6	2	13,257
Bonds and other debt securities	*13,405*	*6*	*49*	*13,460*	*13,249*	*6*	*2*	*13,257*
Hedging derivatives	**140**	**-**	**-**	**140**	**121**	**-**	**-**	**121**
Financial assets at fair value through other comprehensive income	**51,257**	**1,417**	**226**	**52,900**	**53,971**	**1,326**	**200**	**55,497**
Debt instruments	51,257	1,417	226	52,900	53,971	1,326	200	55,497
Bonds and other debt securities	*51,243*	*1,415*	*226*	*52,884*	*53,930*	*1,326*	*200*	*55,456*
Loans, receivables and securities purchased under resale agreements	*14*	*2*	-	*16*	*41*	-	-	*41*
Financial assets at amortised cost(1)	**718**	**614**	**5,368**	**6,700**	**1,155**	**263**	**4,670**	**6,088**
Investment Property	**729**	**-**	**1**	**730**	**876**	**-**	**1**	**877**
TOTAL INVESTMENTS OF INSURANCE ACTIVITIES(2)	**160,708**	**2,242**	**9,389**	**172,339**	**148,882**	**1,805**	**9,610**	**160,297**
Deferred acquisition costs	-	-	-	-	6	-	-	6
Insurance contracts issued assets	-	81	-	81	-	42	-	42
Reinsurance contracts held assets	-	378	-	378	-	305	-	305
TOTAL INSURANCE AND REINSURANCE CONTRACTS ASSETS	**-**	**459**	**-**	**459**	**6**	**347**	**-**	**353**

(1) *The financial assets at amortised cost are mainly related to Debt securities at amortised cost and Loans and receivables due from banks at amortised cost.*

(2) *The Group has chosen to keep in the consolidated accounts investments made with Group companies measured at fair value through profit or loss in representation of unit-linked life insurance contracts.*

DETAIL OF LIABILITIES

(In EURm)	31.12.2023				31.12.2022 R			
	Insurance contracts				Insurance contracts			
	With direct partici-pations features	Other	Other	Total	With direct partici pations features	Other	Other	Total
Financial liabilities at fair value through profit or loss	**82**	**-**	**4,017**	**4,099**	**78**	**-**	**3,520**	**3,598**
Trading portfolio	82	-	503	585	47	-	572	619
Borrowings and securities sold under repurchase agreements	-	-	-	-	-	-	*33*	*33*
Trading derivatives	*82*	-	*503*	*585*	*47*	-	*539*	*586*
Financial instruments measured using fair value option through profit or loss(1)	-	-	3,514	3,514	31	-	2,946	2,977
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt securities issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Due to banks	**2,442**	**6**	**84**	**2,532**	**2,116**	**74**	**45**	**2,235**
Customer deposits	**-**	**-**	**4**	**4**	**-**	**-**	**3**	**3**
TOTAL OF FINANCIAL LIABILITIES FROM INSURANCE ACTIVITIES	**2,524**	**6**	**4,105**	**6,635**	**2,194**	**74**	**3,568**	**5,836**
Insurance contracts issued liabilities	138,976	2,746	-	141,722	133,795	2,079	-	135,874
Reinsurance contracts held liabilities	-	1	-	1	-	1	-	1
TOTAL INSURANCE AND REINSURANCE CONTRACTS LIABILITIES	**138,976**	**2,747**	**-**	**141,723**	**133,795**	**2,080**	**-**	**135,875**

(1) *The financial instruments measured using the fair value option correspond to the unit-linked contracts without participation features.*

NOTE 4.3.2 PERFORMANCE OF INSURANCE ACTIVITIES

The tables below show the details of the income and expenses recognised in the income statement or in the gains and losses directly recognised in equity by the Group's insurance subsidiaries for:

- the commercial performance of insurance services presented within the Net income of insurance services;
- the financial performance related to the management of contracts resulting from:
  - the financial income and expenses recognised on insurance contracts,
  - the financial income and expenses recognised on the investments backed on contracts;
- the financial performance of the other investments.

NOTE 4.3.2.1 DETAIL OF PERFORMANCE OF INSURANCE ACTIVITIES

	2023				2022 R			
	Insurance contracts				Insurance contracts			
(In EURm)	With direct partici-pations features	Other	Other	Total	With direct partici-pations features	Other	Other	Total
Financial result of investments and other transactions from insurance activities	**6,527**	**110**	**124**	**6,761**	**(4,208)**	**(7)**	**(36)**	**(4,251)**
Interest and similar income	1,477	33	168	1,678	1,738	39	119	1,896
Interest and similar expense	(261)	(11)	(113)	(385)	(238)	(19)	(87)	(344)
Fee income	10	-	1	11	9	12	-	21
Fee expense	(16)	(3)	(3)	(22)	(16)	(1)	(1)	(18)
Net gains and losses on financial transactions	5,411	92	74	5,577	(5,723)	(23)	(91)	(5,837)
o/w gains and losses on financial instruments at fair value through profit or loss	*5,467*	*97*	*74*	*5,638*	*(5,581)*	*(20)*	*(82)*	*(5,683)*
o/w gains and losses on financial instruments at fair value through other comprehensive income	*(56)*	*-*	*-*	*(56)*	*(142)*	*-*	*-*	*(142)*
o/w gains and losses from the derecognition of financial instruments at amortised cost	*-*	*(5)*	*-*	*(5)*	*-*	*(3)*	*(9)*	*(12)*
Cost of credit risk from financial assets related to insurance activities	7	-	-	7	1	-	-	1
Net income from other activities[(1)]	(101)	(1)	(3)	(105)	21	(15)	24	30
Insurance service result	**958**	**620**		**1,578**	**930**	**549**		**1,479**
Income from insurance contracts issued	1,259	2,280		3,539	1,120	1,984		3,104
Insurance service expenses	(301)	(1,677)		(1,978)	(190)	(1,416)		(1,606)
Income and expenses from reinsurance contracts held	-	17		17	-	(19)		(19)
Financial result of insurance services	**(6,245)**	**(35)**		**(6,280)**	**4,053**	**22**		**4,075**
Net finance income or expenses from insurance contracts issued	(6,245)	(40)		(6,285)	4,053	(23)		4,030
Net finance income or expenses from reinsurance contracts held	-	5		5	-	45		45
Unrealised or deferred gains and losses from investments that will be reclassified subsequently into income	**2,137**	**72**	**10**	**2,219**	**(10,032)**	**(259)**	**(17)**	**(10,308)**
Revaluation of debt instruments at fair value through other comprehensive income	2,099	72	10	2,181	(9,843)	(259)	(17)	(10,119)
Revaluation of hedging derivatives	38	-	-	38	(189)	-	-	(189)
Unrealised or deferred gains and losses from insurance contracts that will be reclassified subsequently into income	**(2,150)**	**16**		**(2,134)**	**10,025**	**25**		**10,050**
Revaluation of insurance contracts issued	(2,147)	17		(2,130)	10,025	42		10,067
Revaluation of the reinsurance contracts held	(3)	(1)		(4)	-	(17)		(17)

(1) *The item Net income from other activities corresponds to Income from other activities and Expenses from other activities.*

NOTE 4.3.2.2 MONITORING OF THE AMOUNT OF THE GAINS AND LOSSES DIRECTLYRECOGNISED IN EQUITY FOR DEBTS INSTRUMENTS UNDERLYING CONTRACTS WITH DIRECT PARTICIPATION FEATURES PRESENT AS AT THE TRANSITION DATE

The Group elected, for the groups of contracts with direct participation features, to recognise in the Net income of the period the financial income or expenses that eliminate accounting mismatches with the income or expenses recognised in the Net income for the underlying items held. Consequently, insurance subsidiaries directly recognise in equity the difference between the total financial income or expenses to be booked for the period for the contracts with direct participation features and the amount recognised in the Net income to eliminate an accounting mismatch.

The table below shows the changes in cumulative amount of the financial income and expenses related to insurance activities recognised directly in equity in relation to the contracts with direct participation features identified as at 1 January 2022 (date of transition to the new measurement method of contracts provided by IFRS 17).

	2023	2022 R
	Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition	**Cumulative amounts included in OCI for debt instruments underlying direct participation contracts present on the date of transition**
Opening balance	**(4,308)**	**5,577**
Unrealised or deferred gains and losses for the period and Unrealised or deferred gains and losses reclassified in profit or loss	1,942	(9,885)
Closing balance	**(2,366)**	**(4,308)**

NOTE 4.3.3 DETAILS RELATING TO OUTSTANDING INSURANCE CONTRACTS

The Group elected not to show detailed information regarding the reinsurance contracts held owing to their low materiality Group-wide.

SUMMARY OF THE OUTSTANDING STOCK

	2023				2022 R			
	Insurance contracts				Insurance contracts			
(In EURm)	With direct partici-pations features	Other	Other	Total	With direct partici-pations features	Other	Other	Total
Insurance contracts issued assets	-	81	-	81	-	42	-	42
o/w insurance contracts measured under the general model	*-*	*46*	*-*	*46*	*-*	*40*	*-*	*40*
Insurance contracts issued liabilities	138,976	2,746	-	141,722	133,795	2,079	-	135,874
o/w insurance contracts measured under the general model	*138,976*	*1,474*	*-*	*140,450*	*133,795*	*1,072*	*-*	*134,867*
Reinsurance contracts held assets	-	378	-	378	-	305	-	305
o/w reinsurance contracts measured under the general model	*-*	*137*	*-*	*137*	*-*	*110*	*-*	*110*
Reinsurance contracts held liabilities	-	1	-	1	-	1	-	1
o/w reinsurance contracts measured under the general model	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Investment contracts(1)	-	-	3,514	3,514	-	-	2,976	2,976

(1) Investment contracts with no discretionary participation features measured at fair value through profit or loss using the fair value option.

DETAILED NET INCOME FROM INSURANCE SERVICES

The table below shows the Net income from insurance services. The way in which the Insurance income and expenses are recognised are detailed in the accounting principles under the "Presentation of the financial performance of insurance contracts heading".

	2023			2022 R		
	Insurance contracts			Insurance contracts		
(In EURm)	with direct partici-pations features	Other	Total	with direct partici-pations features	Other	Total
Income from insurance contracts issued	**1,259**	**2,280**	**3,539**	**1,120**	**1,984**	**3,104**
Contracts measured under the general model	1,259	1,040	2,299	1,120	998	2,118
Income of premiums (relating to changes in Liabilities for Remaining Coverage) relative to:						
Deferred acquisition costs	*25*	*170*	*195*	*45*	*175*	*220*
Expected claims and handling costs	*147*	*441*	*588*	*156*	*437*	*593*
Expected non financial risk adjustment	*272*	*115*	*387*	*145*	*123*	*268*
Expected contractual services margin	*815*	*314*	*1,129*	*774*	*263*	*1,037*
Contracts measured under the PAA	-	1,240	1,240	-	986	986
Insurance service expenses	**(301)**	**(1,677)**	**(1,978)**	**(190)**	**(1,416)**	**(1,606)**
Amortisation of acquisition costs	(25)	(288)	(313)	(45)	(304)	(349)
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period	(276)	(1,645)	(1,921)	(148)	(1,344)	(1,492)
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services	-	265	265	3	255	258
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	(9)	(9)	-	(23)	(23)
Net income or expenses from reinsurance contracts held	**-**	**17**	**17**	**-**	**(19)**	**(19)**
INSURANCE SERVICE RESULT	**958**	**620**	**1,578**	**930**	**549**	**1,479**

NOTE 4.3.3.1 INSURANCE CONTRACTS MEASUREDUNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION FEATURES) AND THE SIMPLIFIED MODEL

TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES BY TYPE OF COVERAGE (REMAINING COVERAGE AND CLAIMS INCURRED)

	2023					
	Remaining coverage		Incurred claims (measured under the general model)	Incurred claims (measured under the PAA)		
(In EURm)	Excluding the loss component	Loss component		Present value of the future cash flows	Non financial risk adjustment	Total
Insurance contracts issued liabilities	134,009	21	944	820	80	135,874
Insurance contracts issued assets	(39)	5	(10)	2	-	(42)
NET BALANCE AS AT 1 JANUARY	**133,970**	**26**	**934**	**822**	**80**	**135,832**
Income from insurance contracts issued[(1)]	**(3,539)**	**-**	**-**	**-**	**-**	**(3,539)**
Insurance service expenses	**313**	**9**	**796**	**854**	**6**	**1,978**
Amortisation of acquisition costs	313	-	-	-	-	313
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period	-	-	987	893	41	1,921
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services	-	-	(191)	(39)	(35)	(265)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	9	-	-	-	9
Net finance income or expenses from insurance contracts issued[(2)]	**8,394**	**1**	**(5)**	**23**	**2**	**8,415**
Changes relative to the deposits component including in the insurance contract	**(14,635)**	**-**	**14,635**	**-**	**-**	**-**
Other changes	**(328)**	**-**	**128**	**499**	**18**	**317**
Cash flows	**14,893**	**-**	**(15,470)**	**(785)**	**-**	**(1,362)**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	15,348	-	-	-	-	15,348
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	(15,470)	(785)	-	(16,255)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(455)	-	-	-	-	(455)
NET BALANCE AS AT 31 DECEMBER	**139,068**	**36**	**1,018**	**1,413**	**106**	**141,641**
Insurance contracts issued liabilities	139,155	32	985	1,444	106	141,722
Insurance contracts issued assets	(87)	4	33	(31)	-	(81)

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 371 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

	2022 R					
	Remaining coverage		Incurred claims (measured under the general model)	Incurred claims (measured under the PAA)		
(In EURm)	Excluding the loss component	Loss component		Present value of the future cash flows	Non financial risk adjustment	Total
Insurance contracts issued liabilities	148,665	4	1,060	780	56	150,565
Insurance contracts issued assets	(72)	-	27	2	-	(43)
NET BALANCE AS AT 1 JANUARY	**148,593**	**4**	**1,087**	**782**	**56**	**150,522**
Income from insurance contracts issued[1]	**(3,104)**	**-**	**-**	**-**	**-**	**(3,104)**
Insurance service expenses	**349**	**23**	**607**	**600**	**27**	**1,606**
Amortisation of acquisition costs	349	-	-	-	-	349
Net expenses for expected costs of claims, handling costs and non-financial risk adjustment (changes in Liabilities Incurred Claims) – Incurred in the period	-	-	792	665	35	1,492
Changes in net expenses for expected costs of claims and handling costs (changes in Liabilities Incurred Claims) – Past services	-	-	(185)	(65)	(8)	(258)
Losses and reversals of losses on onerous contracts (changes in Liabilities for Remaining Coverage)	-	23	-	-	-	23
Net finance income or expenses from insurance contracts issued[2]	**(14,043)**	**(1)**	**(16)**	**(31)**	**(4)**	**(14,095)**
Changes relative to the deposits component including in the insurance contract	**(14,132)**	**-**	**14,132**	**-**	**-**	**-**
Other changes	**293**	**-**	**(291)**	**(322)**	**1**	**(319)**
Cash flows	**16,014**	**-**	**(14,585)**	**(207)**	**-**	**1,222**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	16,375	-	-	-	-	16,375
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	-	-	(14,585)	(207)	-	(14,792)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(361)	-	-	-	-	(361)
NET BALANCE AS AT 31 DECEMBER	**133,970**	**26**	**934**	**822**	**80**	**135,832**
Insurance contracts issued liabilities	134,009	21	944	820	80	135,874
Insurance contracts issued assets	(39)	5	(10)	2	-	(42)

(1) Of which, for the insurance contracts present on the transition date (and measured under the general model): EUR 634 million using the modified retrospective approach. Products from insurance contracts issued with direct participation are not monitored because the Group does not subdivide these contracts into annual cohorts in accordance with the exemption adopted by the European Union.

(2) This heading includes the financial expenses and income that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

NOTE 4.3.3.2 CONTRACTS MEASUREDUNDER THE GENERAL MODEL (INCLUDING INSURANCE CONTRACTS ISSUED WITH DIRECT PARTICIPATION)

TABLE OF RECONCILIATION OF THE INSURANCE CONTRACTS LIABILITIES ISSUED BY ESTIMATE COMPONENTS (DISCOUNTED FUTURE CASH FLOWS, ADJUSTMENT FOR NON-FINANCIAL RISK AND CONTRACTUAL SERVICE MARGIN)

	2023			
(In EURm)	**Present value of the future cash flows**	**Non financial risk adjustment**	**Contractual services margin**	**Total**
Insurance contracts issued liabilities	123,297	3,452	8,118	134,867
Insurance contracts issued assets	(214)	40	134	(40)
NET BALANCE AS AT 1 JANUARY	**123,083**	**3,492**	**8,252**	**134,827**
Changes that relate to future services	**(3,018)**	**767**	**2,266**	**15**
Changes in estimates that adjust the CSM	(2,582)	622	1,960	-
Changes in estimates that result in losses and reversals on onerous contracts (*i.e.*, that do not adjust the CSM)	11	1	-	12
Effect of new contracts recognised in the year	(447)	144	306	3
Changes that relate to current services	**311**	**(308)**	**(1,129)**	**(1,126)**
Contractual services margin recognised in profit or loss for services provided	-	-	(1,129)	(1,129)
Change in non-financial risk adjustment for risk expired	-	(308)	-	(308)
Experiences adjustments	311	-	-	311
Changes that relate to past services (*i.e.*, changes in fullfilment cash flows relative to incurred claims)	**(137)**	**(54)**	**-**	**(191)**
Net finance income or expenses from insurance contracts issued(1)	**8,370**	**1**	**18**	**8,389**
Other changes	**376**	**3**	**(39)**	**340**
Cash flows	**(1,850)**	**-**	**-**	**(1,850)**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	13,954	-	-	13,954
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	(15,470)	-	-	(15,470)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(334)	-	-	(334)
NET BALANCE AS AT 31 DECEMBER	**127,135**	**3,901**	**9,368**	**140,404**
Insurance contracts issued liabilities(2)	127,374	3,844	9,232	140,450
Insurance contracts issued assets(2)	(239)	57	136	(46)

(1) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(2) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model excluding the VFA model): EUR 255 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

(In EURm)	2022 R Present value of the future cash flows	Non financial risk adjustment	Contractual services margin	Total
Insurance contracts issued liabilities	138,337	3,064	8,269	149,670
Insurance contracts issued assets	(229)	52	135	(42)
NET BALANCE AS AT 1 JANUARY[(1)]	**138,108**	**3,116**	**8,404**	**149,628**
Changes that relate to future services	**(1,586)**	**667**	**945**	**26**
Changes in estimates that adjust the CSM	(1,157)	439	718	-
Changes in estimates that result in losses and reversals on onerous contracts (*i.e.*, that do not adjust the CSM)	18	2	-	20
Effect of new contracts recognised in the year	(447)	226	227	6
Changes that relate to current services	**115**	**(194)**	**(1,036)**	**(1,115)**
Contractual services margin recognised in profit or loss for services provided	-	-	(1,036)	(1,036)
Change in non-financial risk adjustment for risk expired	-	(194)	-	(194)
Experiences adjustments	115	-	-	115
Changes that relate to past services (*i.e.*, changes in fullfilment cash flows relative to incurred claims)	**(108)**	**(77)**	**-**	**(185)**
Net finance income or expenses from insurance contracts issued[(2)]	**(14,037)**	**(39)**	**16**	**(14,060)**
Other changes	**254**	**19**	**(77)**	**196**
Cash flows	**337**	**-**	**-**	**337**
Premiums received (as a reduction of premiums to be received included in the remaining coverage)	15,261	-	-	15,261
Costs of claims and handling costs (as a reduction of the incurred claims liabilities)	(14,585)	-	-	(14,585)
Paid acquisition costs (as a net adjustment of the remaining coverage following the transfer of deferred amounts or amortisations)	(339)	-	-	(339)
NET BALANCE AS AT 31 DECEMBER	**123,083**	**3,492**	**8,252**	**134,827**
Insurance contracts issued liabilities[(3)]	123,297	3,452	8,118	134,867
Insurance contracts issued assets[(3)]	(214)	40	134	(40)

(1) Of which, for the contractual service margin of the insurance contracts and measured under the BBA general model: EUR 808 million using the modified retrospective approach and measured under the VFA model EUR 7,590 million using the modified retrospective approach.

(2) This heading includes the financial income and expenses that were recorded under the heading Revaluation of insurance contracts in equity within Gains and losses recognised directly in equity and which will be reclassified later in profit or loss.

(3) Of which, for the contractual service margin of the insurance contracts present on the transition date (and measured under the general model): EUR 390 million using the modified retrospective approach. The stock of contractual service margin of the insurance contracts present on the transition date is not monitored on the VFA model because the Group does not distinguish between annual cohorts on this scope (see exemption on annual cohorts in the Accounting Principles on contract groupings).

DETAILED EFFECT OF THE NEW CONTRACTS RECOGNISED DURING THE PERIOD

	2023		2022 R	
(In EURm)	Insurance contracts issued	*o/w transfer of contracts*	Insurance contracts issued	*o/w transfer of contracts*
Present value of:				
Estimated cash outflows	6,846	-	7,245	-
o/w acquisitions costs	*334*	-	*339*	-
o/w costs of claims and handling costs	*6,512*	-	*6,906*	-
Estimated cash inflows	(7,296)	-	(7,698)	-
Non-financial risk adjustment	**144**	**-**	**226**	**-**
Contractual services margin	**306**	**-**	**227**	**-**
Loss component on onerous contracts	**3**	**-**	**6**	**-**
TOTAL	**3**	**-**	**6**	**-**

NOTE 4.3.3.3 DETAILS ON THE PROJECTED ITEMS RELATING TO THE MEASUREMENT OF CONTRACTS

SCHEDULING OF THE CASH FLOWS RELATED TO THE INSURANCE AND REINSURANCE CONTRACTS LIABILITIES

(In EURm)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2023
Insurance and reinsurance contracts liabilities	3,571	9,188	36,538	92,426	141,723

EXPECTED RECOGNITION IN THE INCOME STATEMENT OF THE CONTRACTUAL SERVICE MARGIN DETERMINED AT THE END OF THE PERIOD(1)

(In EURm)	31.12.2023	31.12.2022 R
Expected years before recognising CSM in profit or loss	**Insurance contracts issued**	**Insurance contracts issued**
1 to 5 years	3,901	3,520
6 to 10 years	1,913	1,973
> 10 years	3,554	2,759
TOTAL	**9,368**	**8,252**

(1) The contractual service margin determined at the end of the period does not include future new insurance contracts, and insurance contracts valued according to the simplified model. Furthermore, this contractual service margin includes the discounting effect and the adjustment taking into account the financial performance of the underlying assets.

NOTE 4.3.4 INSURANCE RISK MANAGEMENT

Insurance risk is the risk of loss inherent in the insurance business; the Group is exposed to it through its insurance subsidiaries. In addition to asset and liability risk management (interest rate, valuation, counterparty and exchange rate risk), this covers the risks related to premium pricing, mortality and increase in the number of claims.

NOTE 4.3.4.1 MANAGEMENT OF INSURANCE RISK

There are two main types of insurance risk:

- **technical risks**, and particularly underwriting risk in life insurance, individual personal protection and non-life insurance. These risks may be biometric: disability, longevity, mortality, or related to policyholders' behaviour (risk of surrender). To a lesser extent, in non-life and health insurance, such risks may also arise from claims pricing, selection and management, or from disaster risk;
- **risks associated with financial markets and asset-liability management**: the Insurance business line, mainly through life insurance on the French market, is exposed to hazards in financial markets (changes in interest rates and stock market fluctuations). These market hazards can be aggravated by policyholder behaviour (particularly in the case of surrender of savings life insurance policies) insofar as the amount of benefits on savings life insurance policies depends on the financial performance of the assets. This interaction between assets and liabilities is considered in the valuation of future cash flows.

The savings life insurance portfolio constitutes the majority of commitments for an amount of EUR 138,976 million as at 31 December 2023 recognised as Insurance contracts issued liabilities with direct participation features (EUR 133,795 million as at 31 December 2022). In addition, the commitments of the protection portfolio recognised in Insurance contracts issued liabilities excluding direct participation feature amounted to EUR 2,746 million as at 31 December 2023 (EUR 2,079 million as at 31 December 2022).

Managing these risks is at the core of the Insurance business line activity. It is carried out by qualified and experienced teams, with significant and appropriate IT resources. Risks are regularly monitored and reported within the framework of risk policies validated by the Board of Directors of the entities.

Technical risk management

Technical risk management are based on the following:

- heightened security for the risk acceptance process, with the aim of ensuring that the *ab initio* pricing matches the policyholder's risk profile and underwritten guarantees;
- regular monitoring of claim indicators in order to adjust some product parameters, such as the pricing or the level of coverage, if necessary;
- implementation of a reinsurance plan to protect the business line against major/serial claims;
- establishment of committees to monitor portfolio risks and decide on the launch of significant new products;
- implementation of the policies on subscription, provisioning and reinsurance risks.

RISK CONCENTRATION

The most material exposures in the portfolio are diversified on the French territory and do not show any specific concentration with regard to the French insurance market. The ALM and Risk Management Committee of the Insurance business line sets concentration limits per issuer and for certain sectors. This committee is regularly informed of the exposures and possible exceedances.

Risk management related to financial markets and asset-liability management

The management of the risks linked to the financial markets and asset-liability management is an integral part of the investment strategy just like long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balances. Liability commitments (guarantees offered to customers, policies length of detention), as well as the amounts booked under the major items on the accounting and prudential balance sheet (shareholders' equity, net income, provisions etc.) are analysed by the Finance, Investments and Risk Division of the Insurance business line.

The management of the risks related to financial markets (interest rate, credit and equity) and to asset-liability management is based on the following:

- monitoring short- and long-term cash flows (match between the duration of the liabilities and assets, liquidity risk management);
- particular monitoring of policyholder behaviour (surrender);
- close monitoring of financial markets;
- hedging against interest rate risks (both upside and downside);
- hedging against equity risk downside;
- determination of thresholds and limits per counterparty, per issuer rating and per asset class;
- performance of stress tests, the result of which are presented annually to the entities' Board of Directors, as part of the ORSA (*Own Risk and Solvency Assessment*), transferred to the ACPR after approval by the Board;
- organisation of committees to monitor the portfolio and to rule on investment decisions; implementation of the asset-liability management and investment risk policies.

CONCENTRATION OF MARKET RISK AND CREDIT RISK

The companies in the Insurance business line invest in the various types of financial products while respecting a prudent investment risk management policy. Within each type of securities, exposures are diversified in terms of geography, issuers and sectors. The implementation of this policy is characterised by the definition of thresholds, limits and constraints. The main concentrations are monitored within the framework of the ALM and Risk Management Committee. Similarly, the concentration of credit risk is subject to thresholds and limits. Any crossing of thresholds or limits is reported to the ALM and Risk Management Committee, an emanation of the Board of Directors.

Regulatory framework

The Sogecap group is subject to the European "Solvency 2" framework. The capital requirement is determined using the standard formula and the yield curve with the volatility adjustment provided by the European Insurance and Occupational Pensions Authority.

NOTE 4.3.4.2 INSURANCE RISK MODELING

In savings life insurance, the ALM stochastic model takes into account asset/liability interactions and integrates assumptions regarding policyholder behaviour (surrenders, death, arbitrage), the behaviour of the insurer (interest rate policy in line with the investment policy), the use of financial reserves, and the modelling of fees and commissions.

In protection, liabilities are projected based on adapted models that reflect the flows of premiums, claims and fees related to the management of these claims. They include assumptions and calculation parameters such as experience or mortality tables, fall or early repayment rates depending on the product, overhead rates, inflation, etc.

The models used in relation to Insurance activities are reviewed by the Risk and Actuarial Supervision Department, which is the second line of defence in the context of model risk management. The review work focuses on the theoretical robustness (evaluation of the quality of design and development) of the models, their use, the compliance of their implementation and the continuous monitoring of their relevance over time. The independent review process ends with (i) the publication of a report describing the scope of the review, tests performed, results, conclusions or recommendations and by (ii) Validation committees.

NOTE 4.3.4.3 INSURANCE RISK EXPOSURES AND SENSITIVITY ANALYSES

Technical insurance risks

In life insurance, the Insurance business line is mainly exposed to surrender risks due to the preponderance of euro-denominated contracts in life insurance and borrower' insurance, and to a lesser extent, to mortality risk. The risk of surrender in life insurance is mitigated by the loss absorption capacity of the technical reserves (ability to reduce the level of discretionary profit-sharing attributed to policyholders). The Group implements a reinsurance program mainly to mitigate the mortality risks carried in the borrowers' insurance, individual personal protection and term life insurance contracts.

SENSITIVITY OF THE INSURANCE BUSINESS LINE TO UNDERWRITING RISK ON THE "SAVINGS" SCOPE (INSURANCE CONTRACTS WITH DIRECT PARTICIPATION FEATURES)

		31.12.2023	
Risk factors	**Shock used**	**Impact On the Net Income**	**Impact on the capital**
Increase in surrender	5% of outstanding 2023 year end	(13)	(13)

In property and casualty insurance, the Group is exposed to underwriting risk, *i.e.* the risk of loss of capital resulting from the difference between the costs related to the claims expected when pricing and the actual costs resulting from unfavourable changes in one or more risk factors (deviation in the frequency, the average costs, occurrence of atypical events).

Financial risks

Market risk: Given the preponderance of savings life insurance among its insurance business line, the Group is mainly exposed to market risk, defined as the risk of loss of capital on the value of financial instruments resulting from variations in market parameters, the volatility of these parameters and correlations between these parameters. The parameters concerned are, in particular exchange rates, interest rates, as well as the prices of securities (shares, bonds), financial derivatives, real estate assets or any other assets.

Sensitivities have been identified in relation to the main financial risk factors analysed either alone or in combination. They take into account policyholder behaviours (in particular surrender) and are net of tax and net of the participation allocated to policyholders.

SENSITIVITY OF THE INSURANCE BUSINESS LINE TO MARKET RISKS IN THE SAVINGS SCOPE (INSURANCE CONTRACTS WITH DIRECT PARTICIPATION)

		31.12.2023	
Risk factors	**Shock used**	**Impact On the Net Income**	**Impact on the capital**
Rising rates	+50 bps	(8)	(8)
Lower rates	-50 bps	11	11
Decline in equities	-10%	(17)	(17)

Liquidity risk: In the context of insurance operations, liquidity risk corresponds to the inability of the Insurance business line to meet its contractual obligations and settle reported claims (potential losses incurred in the event of forced sales of assets or when financial assets are invested in illiquid markets). Liquidity risk is governed by the investment risk management policy and the risk management policy of the Insurance business line; The rules for allocating asset portfolios lead to a diversification of these portfolios and a limitation of investments in low liquidity assets (private equity, real estate, etc.).

ALM studies on liquidity risk ensure that the investment structure of the Insurance business line is consistent with its insurance commitments. The framework for strategic asset allocation also makes it possible to limit this risk.

Credit risk: The implementation of thresholds and limits per counterparty makes it possible to limit this risk on financial assets. Information on the credit risk of the financial assets of the insurance business is detailed in Note 3.8. In addition, the default risk of reinsurers (representative of the claims receivable net of premiums to be paid) is mitigated by collateral received from reinsurers, mainly in the form of high-quality securities or cash.

NOTE 4.4 Other assets and liabilities

NOTE 4.4.1 OTHER ASSETS

(In EURm)	31.12.2023	31.12.2022 R
Guarantee deposits paid(1)	51,611	67,768
Settlement accounts on securities transactions	2,835	3,895
o/w due from clearing houses bearing credit risk	*163*	*262*
Prepaid expenses	1,680	1,387
Miscellaneous receivables(2)	14,111	9,684
o/w miscellaneous receivables bearing credit risk(3)	*6,404*	*4,208*
GROSS AMOUNT	**70,237**	**82,734**
Impairments	(472)	(419)
Credit risk(3)	*(328)*	*(295)*
Other risks	*(144)*	*(124)*
NET AMOUNT	**69,765**	**82,315**

(1) Mainly relates to guarantee deposits paid on financial instruments, their fair value is assumed to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 2,325 million as of 31 December 2023, compared to EUR 1,258 million as of 31 December 2022.

(3) Net value of miscellaneous receivables bearing credit risk amounts to EUR 6,076 million as of 31 December 2023, compared to EUR 3,913 million as of 31 December 2022 (see Note 3.8).

NOTE 4.4.2 OTHER LIABILITIES

(In EURm)	31.12.2023	31.12.2022 R
Guarantee deposits received(1)	53,253	74,306
Settlement accounts on securities transactions	3,576	4,759
Expenses payable on employee benefits	2,566	2,610
Lease liability	2,065	2,104
Deferred income	1,643	1,297
Miscellaneous payables(2)	30,555	22,239
TOTAL	**93,658**	**107,315**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is assumed to be the same as their book value.

(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 OTHER GENERAL OPERATING EXPENSES

(In EURm)		31.12.2023	31.12.2022 R
Personnel expenses[1]	Note 5.1	(10,645)	(10,052)
Other operating expenses[1]	Note 5.2	(6,887)	(7,009)
Other general operating expenses attributable to the insurance contracts[2]		683	636
TOTAL		**(16,849)**	**(16,425)**

(1) The amount of Personnel expenses and Other administrative expenses detailed in Note 5.1 and Note 5.2 are presented in the income statement before reallocation in the net banking income of the expenses attributable to insurance contracts.

(2) The Other general operating expenses attributable to insurance contracts are recognised during the period as service expenses relating to the insurance and reinsurance contracts issued, except for acquisition costs which are recorded in the balance sheet to be recognised in profit or loss in subsequent periods.

Event after the reporting period

PLAN TO IMPLEMENT ORGANISATIONAL CHANGES IN SOCIETE GENERALE HEAD OFFICE IN FRANCE

On 5 February 2024, Societe Generale has announced a plan to implement organisational changes in its head office in France to simplify its operations and structurally improve its operational efficiency.

Several French head office entities are considering organisational changes that require specific social support measures. The objective is to group and pool certain activities and functions, remove hierarchical layers to streamline decision-making, and resize certain teams due to reviews of projects or processes.

This reorganisation project has been submitted for consultation with the staff representative bodies. Following the completion of the consultation scheduled for the second quarter of 2024, the implementation of these organisational changes would result in approximately 900 job cuts at head office without forced departures (*i.e.* approximately 5% of head office staff).

The cost of the social support measures that will be recorded as provision during the first quarter of 2024 is estimated to be around EUR 0.3 billion.

NOTE 5.1 Personnel expenses and employee benefits

MAKING IT SIMPLE

Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits…);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

NOTE 5.1.1 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 5.1.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group has selected as related parties:

- directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers) and spouses and children living in their households;
- the following subsidiaries: subsidiaries controlled exclusively or jointly and companies over which Societe Generale exercises significant influence;
- entities controlled exclusively or jointly by a related party that is an individual.

NOTE 5.1.1.1 PERSONNEL EXPENSES

(In EURm)	2023	2022
Employee compensation	(7,708)	(7,244)
Social security charges and payroll taxes	(1,749)	(1,655)
Net pension expenses – defined contribution plans	(772)	(709)
Net pension expenses – defined benefit plans	(69)	(61)
Employee profit-sharing and incentives	(347)	(383)
TOTAL	**(10,645)**	**(10,052)**
Including net expenses from share – based payments	*(254)*	*(196)*

NOTE 5.1.1.2 RELATED-PARTY TRANSACTIONS

Remuneration of the Group's managers

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below according to the nomenclature of IAS 24 – paragraph 17.

(In EURm)	2023	2022
Short-term benefits	13.2	10.0
Post-employment benefits	0.5	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.2	2.4
TOTAL	**15.9**	**12.8**

Related-party transactions

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding as at 31 December 2023 for a total amount of EUR 2.5 million. All other transactions with these individuals are insignificant.

Total amounts provisioned or booked by the Societe Generale Group for the payment of pensions and other benefits

The total amount provisioned or booked by the Societe Generale Group as at 31 December 2023 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Mr. Krupa, Mr. Aymerich, Mr. Palmieri et Ms. Lebot and the three staff-elected Directors) is EUR 7.4 million.

NOTE 5.1.2 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.

The 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. These items cannot be subsequently reclassified as income and are presented under Retained earnings on the liabilities side of the balance sheet and on a separate line under the Statement of net income and unrealised or deferred gains and losses.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of the additional entitlements vested by each employee (current service cost), past service cost resulting from a plan amendment or a curtailment, the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset), plan settlements.

Other long-term benefits

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

Termination benefits

Termination benefits refer to the benefits to be granted to an employee following the termination by the entity of the staff member's employment contract before the normal retirement age or the decision of the staff member to voluntarily leave in exchange for these benefits.

Termination benefits payable more than twelve months after the closing date shall be discounted.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Provisions as at 31.12.2022	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31.12.2023
Post-employment benefits	1,171	92	(26)	66	(78)	46	12	1,217
Other long-term benefits	604	162	(54)	108	(45)	-	(21)	646
Termination benefits(1)	227	129	(50)	79	(96)	(33)	33	210
TOTAL(2)	**2,002**	**383**	**(130)**	**253**	**(219)**	**13**	**24**	**2,073**

(1) *Termination benefits include mainly the expenses from the cost of voluntary redundancy related to the New French Retail Banking organisation project presented by the Group in the 4th quarter of 2021, which led to the legal merger of Crédit du Nord and Societe Generale on 1 January 2023. The accounting treatment of the expenses for these measures has been assimilated with the post-employment benefits.*

(2) *In France, the Group has taken into account the effects of the Amending Social Security Financing Act of 14 April 2023 to assess its employee retirement obligations (impact of EUR 13 million under Other general operating expenses).*

A provision of EUR 12 million was recorded to take into account, in France, the judgments of the Court of Cassation regarding the acquisition of rights to paid leave in the event of absence due to illness; this provision was calculated with 3-year retroactivity.

NOTE 5.1.2.1 EMPLOYMENT DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

NOTE 5.1.2.2 POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, 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 as described in the Chapter 3 "Corporate Governance" of the present Universal Registration Document. 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 the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2023			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	882	582	962	2,426
B – Fair value of plan assets	78	617	555	1,250
C – Fair value of separate assets	1,076	-	-	1,076
D – Change in asset ceiling	-	-	1	1
A - B - C + D = Net balance	**(272)**	**(35)**	**408**	**101**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**805**	**-**	**412**	**1,217**
ON THE ASSETS SIDE[1] OF THE BALANCE SHEET	**1,077**	**35**	**4**	**1,116**

(1) o/w EUR 1,076 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 40 million linked to surplus assets under Other assets”

	31.12.2022			
(In EURm)	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	875	576	847	2,298
B – Fair value of plan assets	72	604	506	1,182
C – Fair value of separate assets	1,002	-	-	1,002
D – Change in asset ceiling	-	-	22	22
A - B - C + D = Net balance	**(199)**	**(28)**	**363**	**136**
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	**805**	**-**	**367**	**1,171**
ON THE ASSETS SIDE[1] OF THE BALANCE SHEET	**1,004**	**28**	**4**	**1,036**

(1) o/w EUR 1,002 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 33 million linked to surplus assets under Other assets.

COMPONENTS OF THE COST OF DEFINED BENEFITS

(In EURm)	2023	2022
Current service cost including social security contributions	58	90
Employee contributions	(7)	(5)
Past service cost/curtailments	(5)	(20)
Transfer *via* the expense	(0)	-
Net interest	3	2
A – Components recognised in income statement	**49**	**67**
Actuarial gains and losses on assets	(59)	802
Actuarial gains and losses due to changes in demographic assumptions	(14)	2
Actuarial gains and losses due to changes in economic and financial assumptions	60	(917)
Actuarial gains and losses due to experience	(0)	(1)
Change in asset ceiling	1	22
B – Components recognised in unrealised or deferred gains and losses	**(12)**	**(92)**
C = A + B TOTAL COMPONENTS OF THE COST OF DEFINED BENEFITS	**37**	**(25)**

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

(In EURm)	2023	2022
Balance as at 1 January	**2,298**	**3,336**
Current service cost including social security contributions	58	90
Past service cost/curtailments	(7)	(20)
Settlements	(0)	-
Net interest	91	43
Actuarial gains and losses due to changes in demographic assumptions	(14)	2
Actuarial gains and losses due to changes in economic and financial assumptions	60	(917)
Actuarial gains and losses due to experience	1	(1)
Foreign exchange adjustment	15	(10)
Benefit payments	(152)	(190)
Change in consolidation scope	(3)	(33)
Transfers and others	79	(2)
Balance as at 31 December	**2,426**	**2,298**

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

	Plan assets		Separate assets	
(In EURm)	2023	2022	2023	2022
Balance as at 1 January	**1,160**	**1,699**	**1,002**	**1,331**
Interest expenses on assets	50	29	38	12
Actuarial gains and losses on assets	23	(466)	36	(336)
Foreign exchange adjustment	16	(10)	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	20	13	-	-
Benefit payments	(69)	(79)	(0)	(5)
Change in consolidation scope	-	(9)	-	-
Transfers and others	45	-	-	-
Change in asset ceiling	(1)	(22)	-	-
Balance as at 31 December	**1,249**	**1,160**	**1,076**	**1,002**

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 96% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France and the United Kingdom are fully hedged and hedged at 97% for the United States, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 63% bonds, 15% equities and 22% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 338 million.

Employer contributions to be paid to post-employment defined benefit plans for 2024 are estimated at EUR 17 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

(In EURm)	2023	2022
Plan assets	73	(437)
Separate assets	74	(325)

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2023	31.12.2022
Discount rate		
France	3.19%	3.62%
United-Kingdom	4.52%	4.80%
Others	3.64%	4.07%
Long-term inflation		
France	2.21%	2.45%
United-Kingdom	3.10%	3.30%
Others	2.11%	2.01%
Future salary increase		
France	1.91%	2.20%
United-Kingdom	N/A	N/A
Others	1.50%	1.40%
Average remaining working lifetime of employees *(in years)*		
France	7.56	7.84
United-Kingdom	2.52	3.07
Others	8.46	8.83
Duration *(in years)*		
France	11.69	11.63
United-Kingdom	12.06	12.69
Others	11.44	11.94

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

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

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

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

(Percentage of item measured)	31.12.2023	31.12.2022
Variation in discount rate	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	-5%	-6%
Variation in long-term inflation	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	4%	4%
Variation in future salary increase	*+0.5%*	*+0.5%*
Impact on the present value of defined benefit obligations at 31 December N	1%	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 EURm)	2023	2022
N+1	161	166
N+2	147	150
N+3	154	163
N+4	163	165
N+5	172	152
N+6 to N+10	855	853

NOTE 5.1.3 SHARE-BASED PAYMENT PLANS

ACCOUNTING PRINCIPLES

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (compensation indexed on Societe Generale, or one of its subsidiaries, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiaries, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte-Carlo* model is used. Valuations are performed by independent actuaries.

The vesting conditions for beneficiaries of payments based on Societe Generale shares include conditions of presence and performance. The performance conditions may be indexed on the Group's financial data (for instance, the Group's profitability, or the relative performance of the Societe Generale share) and/or on the Group's non-financial data (for instance, the achievement of the Group's objectives in terms of social and environmental responsibility – CSR).

EXPENSES RECORDED IN THE INCOME STATEMENT

	31.12.2023			31.12.2022 R		
(In EURm)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from purchase plans, stock option and free share plans	139	115	254	104	92	196

The description of Societe Generale stock-options plans and free share plans, which supplements this note, is presented in Chapter 3 of the present Universal Registration Document.

NOTE 5.2 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 8.3).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The Company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss as at 1 January of the current financial year.

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

(In EURm)	2023	2022
Rentals	(449)	(348)
Taxes and levies	(1,126)	(1,359)
Data and telecom (excluding rentals)	(2,440)	(2,574)
Consulting fees	(1,319)	(1,351)
Other	(1,553)	(1,377)
TOTAL	**(6,887)**	**(7,009)**

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 no806/2014 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 SRF, established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

In 2023, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (77.5%) for a total of EUR 658 million (versus EUR 863 million in 2022) of which EUR 603 million for the SRF and EUR 55 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other operating expenses, among Taxes and levies;
- irrevocable payment commitments (22.5%) backed by a cash collateral for EUR 175 million related to the SRF (versus EUR 142 million in 2022) recorded as an asset in the balance sheet, among Other assets.

As at 31 December 2023, the amount of cash collateral paid to the SRF and NRF and stated as balance sheet assets under “Other assets” are EUR 772 million and EUR 173 million respectively.

In its ruling of 25 October 2023, the General Court of the European Union dismissed the appeal of a French credit institution against the Single Resolution Board (SRB) following the rejection by the latter of the request for the return of collateral linked to *ex ante* contributions provided in the form of irrevocable payment commitments for the 2015 contribution period. The reimbursement of the collateral, requested by the institution after the withdrawal of its licence from the European Central Bank, had been refused by the SRB; the latter required, as a condition precedent to returning the collateral backing, the prior payment by the institution of an amount in cash corresponding to the amount committed under the irrevocable payment commitments entered into. The institution concerned decided to appeal to the European Court of Justice against the ruling of the General Court of the European Union. Societe Generale will keep informed of further developments in the matter and analyse the possible consequences for its financial statements.

NOTE 6 INCOME TAX

MAKING IT SIMPLE

Income tax expenses are presented separately from other taxes which are classified among Other operating expenses. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

ACCOUNTING PRINCIPLES

Current taxes

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the income statement.

Deferred taxes

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments.

Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry-forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry-forwards can also be used against future taxable profit.

Tax loss carry-forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under Income tax. However, deferred taxes related to gains and losses recorded under Unrealised or deferred gains and losses are also recognised under the same heading in shareholders' equity.

Tax uncertainties

There may be uncertainty over the tax treatments applied by the Group. If it is probable that the tax Authority will not accept some tax treatments, these uncertainties shall be booked under tax expenses/income by the counterpart of Provisions for tax adjustments recorded among tax liabilities.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

NOTE 6.1 Breakdown of the tax expense

(In EURm)	2023	2022 R
Current taxes	(1,470)	(1,274)
Deferred taxes	(209)	(209)
TOTAL	**(1,679)**	**(1,483)**

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

	2023		2022 R	
(In EURm)	%	EURm	%	EURm
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill		**5,442**		**4,224**
Group effective tax rate	**30.85%**		**35.11%**	
Permanent differences	0.58%	31	0.92%	39
Differential on securities with tax exemption or taxed at reduced rate	-0.24%	(13)	-14.04%	(593)
Tax rate differential on profits taxed outside France	1.33%	72	2.56%	108
Changes in the measurement of deferred tax assets/liabilities	-6.69%	(364)	1.28%	54
Normal tax rate applicable to French companies (including 3.3% national contribution)	25.83%		25.83%	

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter is set to 25% in 2023 (article 219 of the French Tax Code), plus the existing national contribution (CSB) of 3.3% (article 235 *ter* ZC of the French Tax Code), *i.e.* a compound tax rate of 25.83%.

Long-term capital gains on affiliates are exempt from this corporate tax, except for a 12% fee on the gross amount in a net long term capital gains situation (article 219 I a *quinquies* of the French Tax Code).

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 (article 216 of the French Tax Code).

NOTE 6.2 Tax assets and liabilities

TAX ASSETS

(In EURm)	31.12.2023	31.12.2022 R
Current tax assets	1,026	819
Deferred tax assets	3,691	3,665
o/w deferred tax assets on tax loss carry-forwards	*1,832*	*1,662*
o/w deferred tax assets on temporary differences	*1,818*	*1,982*
o/w deferred tax on deferrable tax credits	*41*	*21*
TOTAL	**4,717**	**4,484**

TAX LIABILITIES

(In EURm)	31.12.2023	31.12.2022 R
Current tax liabilities	933	735
Provisions for tax adjustments	41	72
Deferred tax liabilities	1,428	838
TOTAL	**2,402**	**1,645**

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 2024 to 2027), extrapolated to 2028, 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 2028 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 selected macroeconomic factors 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.

As at 31 December 2023, discounted projections confirm the probability that the Group will be able to offset the tax losses covered by deferred tax assets against future profits.

NOTE 6.3 Deferred tax assetsrecognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2023, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

(In EURm)	31.12.2023	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	**1,832**	**-**	**-**
o/w French tax group	*1,572*	*Unlimited*(1)	*8 years*
o/w US tax group	*88*	*20 years*(2)	*7 years*
Others	*172*	-	-

(1) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

(In EURm)	31.12.2023	31.12.2022
French tax group	930	520
US tax groups	228	277
SG Singapore	80	82
SG de Banques en Guinée Équatoriale(1)	34	36

(1) Including EUR 10 million of tax carry forward and EUR 24 million temporary differences as at 31 December 2023, versus respectively EUR 10 million and EUR 26 million as at 31 December 2022.

The other deferred taxes on tax loss carryforwards and temporary differences not recognised as assets on the balance sheet amount, respectively, to EUR 122 million and EUR 1 million as at 31 December 2023.

For the France tax group, deferred tax assets of EUR 410 million could not be recognised at the end of December 2023, bringing the amount of unrecognised deferred tax assets in France to EUR 930 million. If tax projections improve, all or part of these deferred taxes may be recognised as deferred tax assets in future years.

In parallel, the unrecognised deferred tax assets of US tax groups decreased by EUR 49 million due to the recognition in the 2023 balance sheet of EUR 40 million deferred taxes and of EUR 9 million due to currency effects.

Regarding the tax treatment of the loss resulting from the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 is not such as to call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law. Consequently, Societe Generale considers that the related tax loss remains recoverable against future taxable income (see Note 9).

PILLAR 2: TAX REFORM – GLOBAL MINIMUM CORPORATE TAX RATE ("GLOBE" RULES)

In October 2021, 137 of the 140 juridictions members of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate income tax rate of 15%. A set rules, referred to as "Pillar 2", published by the OECD on 20 December 2021, specifies the mechanism which will apply, in the states that will adopt it, to the profits by country of multinational groups with revenues exceeding EUR 750 million.

European Directive (EU) 2022/2523 incorporating the Pillar 2 rules was adopted and published in the Official Journal of the European Union on 22 December 2022.

Article 4 of the French Finance Act for 2024 incorporates the directive into French law. The minimum level of tax will take the form of an additional "top-up" tax determined according to rules compliant with the directive. Transitional Safe Harbour set out by the OECD for the first three fiscal years are also included in the law. These rules apply to the Group from 1 January 2024, in respect of any additional top-up tax due in France as well as of any qualified domestic top-up taxes implemented in jurisdictions where the Group operates.

Under the provisions introduced by the amendments to IAS 12, adopted by the European Union on 8 November 2023 with immediate and retrospective implementation (see Note 1), the Group applies, from 1 January 2023 on, the mandatory and temporary exception to the accounting recognition of the deferred taxes associated with the top-up taxes resulting from the Pillar 2 rules.

A project structure has been established at Group level to analyse the provisions of the Pillar 2 European directive and take the necessary measures to comply with them as soon as they enter into force. According to initial estimates based on the available data (in particular data from the country-by-country reports of years 2021 and 2022), the effective Pillar 2 tax rates would exceed 15% in most jurisdictions in which the Group operates. However, there is a limited number of jurisdictions in which a top-up tax would have to be paid.To date, the Group does not anticipate any material impact of this reform in respect of its current tax burden. Because of the calculation complexity resulting from these rules and the changes in the Group's consolidation scope, the effects of this reform are still being examined to refine the quantification in view of the first accounting recognition of any additional tax burden in the Group's consolidated accounts as at 30 June 2024.

NOTE 7 SHAREHOLDERS' EQUITY

MAKING IT SIMPLE

Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.

Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

NOTE 7.1 Treasury shares and shareholders' equity issued by the Group

ACCOUNTING PRINCIPLES

Treasury shares

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is recognised in Retained earnings.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

Shareholders' equity issued by the Group

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under Other equity instruments. If they are issued by Group subsidiaries, these securities are recognised under Non-controlling interests. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under Debt securities issued or Subordinated debt depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

NOTE 7.1.1 ORDINARY SHARES AND CAPITAL RESERVES

(In EURm)	31.12.2023	31.12.2022
Issued capital	1,004	1,062
Issuing premiums and capital reserves	20,412	21,377
Elimination of treasury stock	(230)	(1,191)
TOTAL	**21,186**	**21,248**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE SA

(Number of shares)	31.12.2023	31.12.2022
Ordinary shares	802,979,942	849,883,778
Including treasury stock with voting rights[(1)]	*6,736,010*	*48,737,016*
Including shares held by employees	*90,162,610*	*79,097,967*

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

As at 31 December 2022, 41,674,813 Societe Generale shares were acquired on the market at a cost price of EUR 914 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 1 February 2023.

On 24 July 2023, a capital increase, reserved for Group employees and retirees as part of the Global Employee Share Ownership Plan open in 40 countries, was carried out for a total amount of EUR 221 million, resulting in the issuance of 12,548,674 new Societe Generale shares.

From 7 August 2023 to 22 September 2023, 17,777,697 Societe Generale shares were acquired on the market at a cost price of EUR 441 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 17 May 2022. The capital reduction by cancellation of securities was carried out on 17 November 2023.

As at 31 December 2023, Societe Generale SA's fully paid up capital amounted to EUR 1,003,724,927.50 and was made up of 802,979,942 shares with a nominal value of EUR 1.25.

NOTE 7.1.2 TREASURY STOCK

As at 31 December 2023, the Group held 4,425,083 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 0.55% of the capital of Societe Generale SA.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 230 million, including EUR 36 million in shares held for trading activities.

The change in treasury stock over 2023 breaks down as follows:

(In EURm)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	-	31	930	961
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	0	(10)	(52)	(62)

The variation of EUR 930 million in treasury shares and active capital management is mainly due to EUR 914 million relating to the capital reduction on 1 February 2023 by cancellation of 41,674,813 Societe Generale shares acquired in 2022.

NOTE 7.1.3 SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2023, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 8,924 million, valued at historical rate.

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

Issuance Date	Amount in local currency at 31.12.2022	Repurchases and redemptions in 2023	Amount in local currency at 31.12.2023	Amount in millions of euros at historical rate	Remuneration
18 December 2013	USD 1,750m	USD 1,750m			7.875%, from 18 December 2023 USD 5-year Mid Swap Rate +4.979%
29 September 2015	USD 1,250m		USD 1,250m	1,111	8%, from 29 September 2025 USD 5-year Mid Swap rate +5.873%
6 April 2018	USD 1,250m		USD 1,250m	1,035	6.750%, from 6 April 2028 USD 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250m	USD 1,250m			7.375%, from 4 October 2023 USD 5-year Mid Swap rate +4.302%
16 April 2019	SGD 750m		SGD 750m	490	6.125%, from 16 April 2024 SGD 5-year Mid Swap rate +4.207%
12 September 2019	AUD 700m		AUD 700m	439	4.875%, from 12 September 2024 AUD 5-year Mid Swap rate +4.036%
18 November 2020	USD 1,500m		USD 1,500m	1,264	5.375%, from 18 November 2030 USD 5-year US Treasury rate +4.514%
26 May 2021	USD 1,000m		USD 1,000m	818	4.75%, from 26 May 2026 USD 5-year US Treasury rate +3.931%
15 July 2022	SGD 200m		SGD 200m	141	8.25%, from 15 December 2027 SGD 5-year SGD OIS rate +5.6%
22 November 2022	USD 1,500m		USD 1,500m	1,460	9.3750%, from 22 May 2028 USD 5-year US Treasury rate +5.385%
18 January 2023			EUR 1,000m	1,000	7.875%, from 18 July 2029 EUR 5-year Mid Swap rate +5.228%
14 November 2023			USD 1,250m	1,166	10%, from14 May 2029 USD 5-year US Treasury rate +5.448%

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 2023, the nominal of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 1,300 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800m	4.125%, from 2026 5-year Mid Swap rate +4.150%
29 May 2019	EUR 500m	7.375%, from 2024 5-year Mid swap rate +7.556%

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:

	2023			2022		
(In EURm)	Deeply subordinated notes	Perpetual subordinated notes	Total	Deeply subordinated notes	Perpetual subordinated notes	Total
Exchange rate effect on TSS/TSDI reimbursement	(404)	-	(404)	-	-	-
Remuneration paid booked under reserves	(734)	-	(734)	(581)	-	(581)
Changes in nominal values	(212)	-	(212)	1,602	-	1,602
Tax savings on remuneration payable to shareholders and recorded under profit or loss	190	-	190	150	-	150
Issuance fees relating to subordinated notes	(5)	-	(5)	(9)	-	(9)

NOTE 7.1.4 EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The impact of changes in the consolidation scope recognised in shareholders' equity (EUR -34 million in Group share and EUR 3,523 million in Non-controlling interests) is mainly explained by the acquisition of LeasePlan (see Note 2.1) with:

- the decrease in the ownership interest in ALD from 75.94% to 52.59% with EUR -4 million in Group share and EUR 3,003 million in Non-controlling interests;
- an impact of EUR 513 million on the Non-controlling interests linked to other equity instruments issued by LeasePlan.

NOTE 7.2 Earnings per share and dividends

ACCOUNTING PRINCIPLES

The earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net earnings attributable to ordinary shareholders are adjusted for the preferred shareholders rights, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. The diluted earnings per share take into account the potential dilution of shareholders' interests in the event where dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

NOTE 7.2.1 EARNINGS PER SHARE

(In EURm)	2023	2022 R
Net income, Group share	2,493	1,825
Attributable remuneration to subordinated and deeply subordinated notes	(753)	(587)
Premium and issuance fees related and deeply subordinated notes	(5)	(9)
Net income attributable to ordinary shareholders	**1,735**	**1,229**
Weighted average number of ordinary shares outstanding[(1)]	799,315,070	822,437,425
Earnings per ordinary share *(in euros)*	**2.17**	**1.50**
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	799,315,070	822,437,425
Diluted earnings per ordinary share *(in euros)*	**2.17**	**1.50**

(1) Excluding treasury shares.

NOTE 7.2.2 DIVIDENDS PAID

Dividends paid on ordinary shares by the Group in 2023 amounted to EUR 1,861 million and are detailed in the following table:

	2023			2022		
(In EURm)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Paid in shares	-	-	-	-	-	-
Paid in cash	(1,362)	(499)	(1,861)	(1,371)	(754)	(2,125)
TOTAL	**(1,362)**	**(499)**	**(1,861)**	**(1,371)**	**(754)**	**(2,125)**

NOTE 7.3 Unrealised or deferred gains and losses

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	31.12.2023				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences	997	(24)	973	996	(23)
Revaluation of debt instruments at fair value through other comprehensive income(3)	(2,673)	664	(2,009)	(1,907)	(102)
Revaluation of insurance contracts at fair value through other comprehensive income	2,315	(596)	1,719	1,708	11
Revaluation of hedging derivatives	(449)	30	(419)	(414)	(5)
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	**190**	**74**	**264**	**383**	**(119)**
Actuarial gains and losses on defined benefit plans(1)	12	(1)	11	14	(3)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(2)	68	(18)	50	51	(1)
Revaluation of equity instruments at fair value through other comprehensive income	35	(2)	33	33	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	**115**	**(21)**	**94**	**98**	**(4)**
TOTAL	**305**	**53**	**358**	**481**	**(123)**

	Changes of the period				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	(93)	26	(67)	(56)	(11)
TOTAL	**(93)**	**26**	**(67)**	**(56)**	**(11)**
Translation differences	(356)	(12)	(368)	(389)	21
Revaluation of debt instruments at fair value through other comprehensive income(3)	2,402	(593)	1,809	1,734	75
Revaluation of insurance contracts at fair value through other comprehensive income	(2,134)	545	(1,589)	(1,583)	(6)
Revaluation of hedging derivatives	(68)	50	(18)	5	(23)
Variation of unrealised gains and losses with subsequent recycling in the income statement	**(156)**	**(10)**	**(166)**	**(233)**	**67**
Actuarial gains and losses on defined benefit plans(1)	12	-	12	14	(2)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(2)	(257)	67	(190)	(191)	1
Revaluation of equity instruments at fair value through other comprehensive income	1	-	1	2	(1)
Variation of unrealised gains and losses without subsequent recycling in the income statement	**(244)**	**67**	**(177)**	**(175)**	**(2)**
TOTAL OF VARIATION	**(400)**	**57**	**(343)**	**(408)**	**65**
TOTAL OF CHANGES	**(493)**	**83**	**(410)**	**(464)**	**54**

	31.12.2022 R				
				o/w	
(In EURm)	Gross value	Tax	Net value	Net Group share	Non-controlling interests
Translation differences	1,353	(12)	1,341	1,385	(44)
Revaluation of debt instruments at fair value through other comprehensive income(3)	(5,075)	1,257	(3,818)	(3,641)	(177)
Revaluation of insurance contracts at fair value through other comprehensive income	4,449	(1,141)	3,308	3,291	17
Revaluation of hedging derivatives	(381)	(20)	(401)	(419)	18
SUBTOTAL OF UNREALISED GAINS AND LOSSES WITH SUBSEQUENT RECYCLING IN THE INCOME STATEMENT	**346**	**84**	**430**	**616**	**(186)**
Actuarial gains and losses on defined benefit plans(1)	93	(27)	66	56	10
Revaluation of own credit risk of financial liabilities at fair value through profit or loss(2)	325	(85)	240	242	(2)
Revaluation of equity instruments at fair value through other comprehensive income	34	(2)	32	31	1
SUBTOTAL OF UNREALISED GAINS AND LOSSES WITHOUT SUBSEQUENT RECYCLING IN THE INCOME STATEMENT	**452**	**(114)**	**338**	**329**	**9**
TOTAL	**798**	**(30)**	**768**	**945**	**(177)**

(1) *Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.*
(2) *When a financial liability is derecognised, unrealised gains and losses are attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.*
(3) *Including EUR -2,298 million for insurance sector subsidiaries as at 31 December 2023 (EUR -4,479 million as at 31 December 2022). This amount must be read together with the financial income and expenses recorded directly in equity as part of the measurement of the associated insurance contracts (see Note 4.3, Detail of performance of insurance activities).*

NOTE 8 ADDITIONAL DISCLOSURES

NOTE 8.1 Segment reporting

NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

Following changes in the Group's governance during the second half of 2023, the Group's core businesses are now managed through the three following strategic pillars:

- French Retail Banking, Private Banking and Insurance which includes:
  - French Retail and Private Banking including Boursorama,
  - Insurance activities;
- International Retail, Mobility and Leasing Services, which consists of:
  - International Retail,
  - Mobility and Leasing Services which comprises Financial services to Corporates, operational vehicle leasing and fleet management, and consumer credit activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2023										
	French Retail, Private Banking and Insurance			Global Banking and Investor Solutions			International Retail, Mobility and Leasing Services				
(In EURm)	French Retail and Private Banking	Insurance	Total	Global Markets and Investors Services	Financial and Advisory	Total	International Retail Banking[4]	Mobility and Leasing Services	Total	Corporate Centre[1]	Total Group Societe Generale
Net banking income	7,403	620	8,023	6,299	3,341	9,640	4,191	4,316	8,507	(1,066)	25,104
Operating expenses[2]	(6,577)	(131)	(6,708)	(4,755)	(2,032)	(6,787)	(2,374)	(2,391)	(4,765)	(264)	(18,524)
Gross operating income	**826**	**489**	**1,315**	**1,544**	**1,309**	**2,853**	**1,817**	**1,925**	**3,742**	**(1,330)**	**6,580**
Cost of risk	(505)	-	(505)	20	(50)	(30)	(185)	(301)	(486)	(4)	(1,025)
Operating income	**321**	**489**	**810**	**1,564**	**1,259**	**2,823**	**1,632**	**1,624**	**3,256**	**(1,334)**	**5,555**
Net income from investments accounted for using the equity method	7	-	7	7	-	7	-	10	10	-	24
Net income/expense from other assets[4]	10	-	10	-	-	-	(8)	(3)	(11)	(112)	(113)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(338)	(338)
Earnings before Tax	**338**	**489**	**827**	**1,571**	**1,259**	**2,830**	**1,624**	**1,631**	**3,255**	**(1,784)**	**5,128**
Income tax	(86)	(127)	(213)	(371)	(146)	(517)	(429)	(394)	(823)	(126)	(1,679)
Consolidated Net Income	**252**	**362**	**614**	**1,200**	**1,113**	**2,313**	**1,195**	**1,237**	**2,432**	**(1,910)**	**3,449**
Non controlling interests	-	4	4	34	(1)	33	465	361	826	93	956
Net income, Group Share	**252**	**358**	**610**	**1,166**	**1,114**	**2,280**	**730**	**876**	**1,606**	**(2,003)**	**2,493**
Segment assets	**263,833**	**172,353**	**436,186**	**650,502**	**169,783**	**820,285**	**109,836**	**108,091**	**217,927**	**79,647**	**1,554,045**
Segment liabilities[3]	**289,846**	**158,076**	**447,922**	**670,821**	**80,101**	**750,922**	**88,969**	**53,760**	**142,729**	**136,225**	**1,477,798**

	2022 R										
	French Retail, Private Banking and Insurance			Global Banking and Investor Solutions			International Retail, Mobility and Leasing Services				
(In EURm)	French Retail and Private Banking	Insurance	Total	Global Markets and Investors Services	Financial and Advisory	Total	International Retail Banking[4]	Mobility and Leasing Services	Total	Corporate Centre[1]	Total Group Societe Generale
Net banking income	8,700	510	9,210	6,721	3,387	10,108	4,190	3,949	8,139	(302)	27,155
Operating expenses[2]	(6,791)	(105)	(6,896)	(4,878)	(1,954)	(6,832)	(2,368)	(1,589)	(3,957)	(309)	(17,994)
Gross operating income	**1,909**	**405**	**2,314**	**1,843**	**1,433**	**3,276**	**1,822**	**2,360**	**4,182**	**(611)**	**9,161**
Cost of risk	(483)	-	(483)	5	(426)	(421)	(464)	(241)	(705)	(38)	(1,647)
Operating income	**1,426**	**405**	**1,831**	**1,848**	**1,007**	**2,855**	**1,358**	**2,119**	**3,477**	**(649)**	**7,514**
Net income from investments accounted for using the equity method	8	-	8	6	-	6	-	1	1	-	15
Net income/ expense from other assets[4]	57	-	57	3	3	6	11	-	11	(3,364)	(3,290)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-
Earnings before Tax	**1,491**	**405**	**1,896**	**1,857**	**1,010**	**2,867**	**1,369**	**2,120**	**3,489**	**(4,013)**	**4,239**
Income tax	(383)	(106)	(489)	(420)	(118)	(538)	(360)	(478)	(838)	382	(1,483)
Consolidated Net Income	**1,108**	**299**	**1,407**	**1,437**	**892**	**2,329**	**1,009**	**1,642**	**2,651**	**(3,631)**	**2,756**
Non controlling interests	(1)	2	1	35	1	36	444	286	730	164	931
Net income, Group Share	**1,109**	**297**	**1,406**	**1,402**	**891**	**2,293**	**565**	**1,356**	**1,921**	**(3,795)**	**1,825**
Segment assets	**300,473**	**160,817**	**461,290**	**591,685**	**172,360**	**764,045**	**99,571**	**70,861**	**170,432**	**89,133**	**1,484,900**
Segment liabilities[3]	**308,606**	**146,586**	**455,192**	**637,899**	**72,072**	**709,971**	**83,940**	**21,201**	**105,141**	**141,270**	**1,411,574**

(1) *Income and expenses, as well as assets and liabilities that are not directly related to business line activities are allocated to the Corporate Centre. Corporate Centre income includes, in particular, some consequences of the Group's centralised management of litigation and of transactions leading to changes in the consolidation scope. Management fees incurred by banking entities in connection with the distribution of insurance contracts are considered as costs directly related to the performance of the contracts and are therefore included in the valuation of the latter and presented under "Insurance services expense" (see Note 1); this restatement is allocated to the Corporate Centre.*

(2) *These amounts include Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

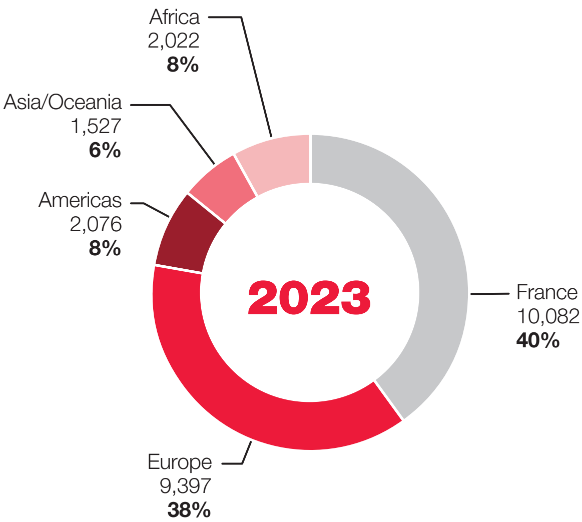
(3) *Segment liabilities correspond to debts (i.e. total liabilities excluding equity).*

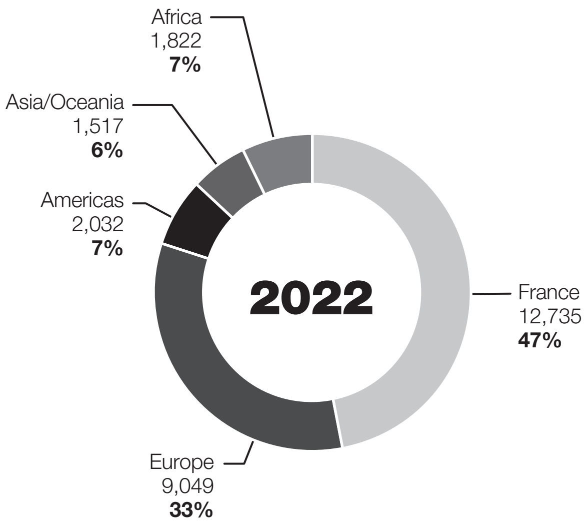
(4) *The Net income/expense from other assets items as at 31 December 2022, mainly includes the impacts of the sale of Rosbank and the Group's insurance subsidiaries in Russia.*

2022 figures restated in compliance with IFRS 17 and IFRS 9 for insurance entities, and in accordance with changes in performance reporting.

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)

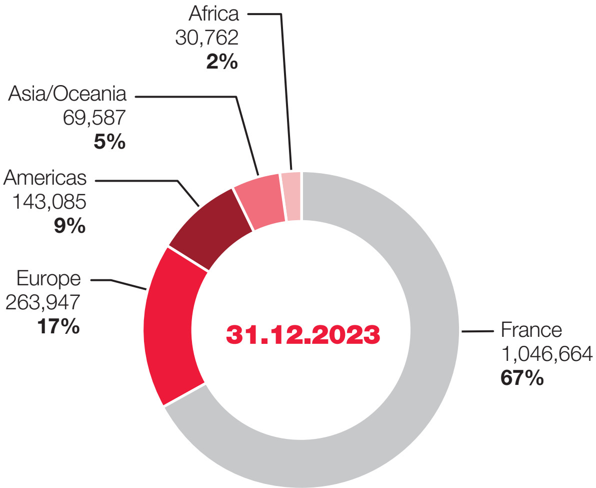


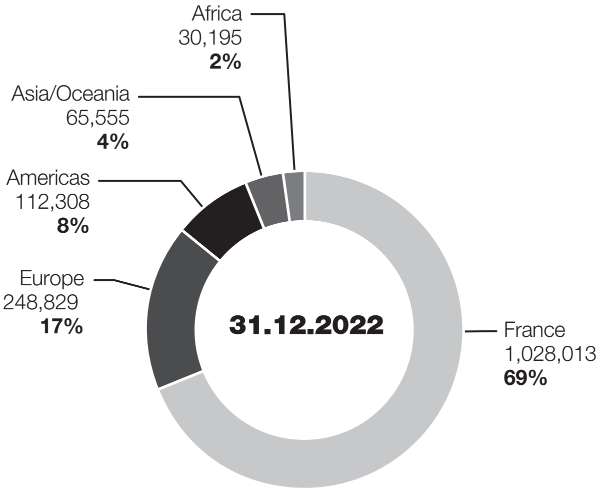


As at 31 December 2023, the amount of net banking income is EUR 25,104 million compared to EUR 27,155 million as at 31 December 2022.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

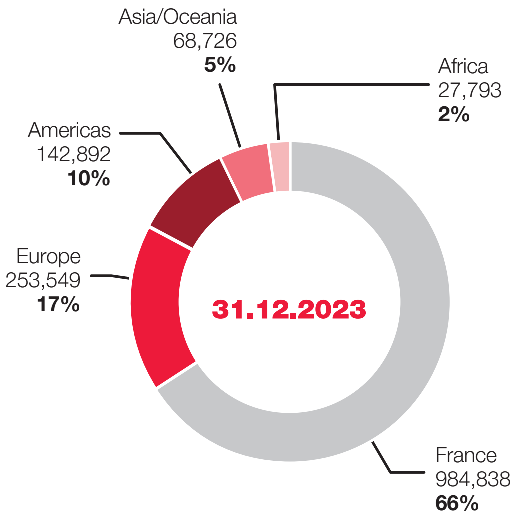
ASSETS

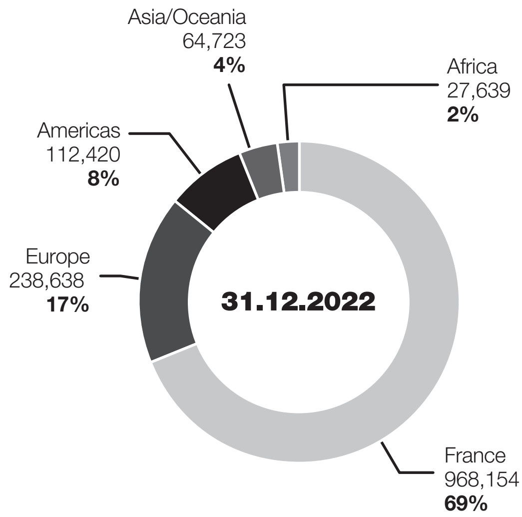




As at 31 December 2023, the amount of assets is EUR 1,554,045 million compared to EUR 1,484,900 million as at 31 December 2022.

LIABILITIES





As at 31 December 2023, the amount of liabilities (except shareholder equity) is EUR 1,477,798 million compared to EUR 1,411,574 million as at 31 December 2022.

Segment liabilities correspond to debts (total liabilities excluding equity).

NOTE 8.2 Provisions

ACCOUNTING PRINCIPLES

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

OVERVIEW

(In EURm)	Provisions as at 31.12.2022	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and others	Provisions as at 31.12.2023
Provisions for credit risk on off balance sheet commitments (see Note 3.8)	898	528	(585)	(57)	-	(22)	819
Provisions for employee benefits (see Note 5.1)	2,002	383	(130)	253	(219)	37	2,073
Provisions for mortgage savings plans and accounts commitments	125	47	(51)	(4)	-	-	121
Other provisions(1)	1,554	313	(419)	(106)	(160)	(66)	1,222
TOTAL	**4,579**	**1,271**	**(1,185)**	**86**	**(379)**	**(51)**	**4,235**

(1) Including provisions for legal disputes, fines, penalties and commercial disputes.

NOTE 8.2.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In EURm)	**31.12.2023**	**31.12.2022**
PEL accounts	15,677	17,846
Less than 4 years old	*907*	*773*
Between 4 and 10 years old	*5,852*	*8,774*
More than 10 years old	*8,918*	*8,299*
CEL accounts	1,733	1,629
TOTAL	**17,410**	**19,475**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EURm)	**31.12.2023**	**31.12.2022**
Less than 4 years old	3	-
Between 4 and 10 years old	-	1
More than 10 years old	3	6
TOTAL	**6**	**7**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2022	Allocations	Write-backs	31.12.2023
PEL accounts	80	10	(51)	39
Less than 4 years old	*3*	*1*	*-*	*4*
Between 4 and 10 years old	*2*	*9*	*-*	*11*
More than 10 years old	*75*	*-*	*(51)*	*24*
CEL accounts	45	37	-	82
TOTAL	**125**	**47**	**(51)**	**121**

The increase in interest rates (to which the level of provisioning is sensitive) explains the sharp decrease in the provisions for mortgage savings accounts and plans observed in 2023. These provisions are still mainly related to the commitment to remunerate cash deposits. The level of provisions amounts to 0.7% of the total outstanding stock as at 31 December 2023.

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 by Societe Generale, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking Division's policy of interest rate risk management.

The discount rates used are derived from the zero-coupon swaps versus Euribor yield curve at the valuation date, averaged over a 12-month period.

NOTE 8.2.2 OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 "Information on risks and litigation".

NOTE 8.3 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, except investment property held by insurance entities to back insurance contracts measured at fair value. 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, insurance activities excluded, are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Investment property held by insurance entities to back the insurance contracts issued, are measured at fair value through profit or loss, once a year, based on valuation reports by an independent expert. The fair value of investment property is based on unobservable inputs, thus corresponding to the level 3 category of fair value measurement (see Note 3.4).

Profits or losses on operating lease assets and on investment property, including amortisation, depreciation and revaluation are recognised under “Income from other activities” and “Expense from other activities” (see Note 4.2).

Operating lease assets

The cars leased by the Group in the context of fleet management are depreciated on a straight-line basis over the lease term for an average of 3 to 5 years. The depreciable amount of these cars is their acquisition cost less their residual value.

The acquisition cost of rental cars includes their acquisition cost plus the direct initial costs necessary for making them available to rental customers. Their residual value is an estimate of its resale value at the end of the contract. The estimate is based on statistical data and is reviewed at least once a year to take into account of price developments in the second-end car market. In case of increase or decrease in the residual value compared to its initial estimate, this change in estimate leads to adjust, vehicle by vehicle, its remaining depreciable value in order to modify its depreciation plan prospectively.

Profits or losses on the operating lease assets, including depreciation and impairment, 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;
- a capacity portion of an asset is still an identified asset if it is physically distinct (*e.g.* a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (*e.g.* the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

LEASE TERM

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.

Lease term = Non-cancellable period of the lease + Periods covered by an option to extend the lease* + Periods covered by an option to terminate the lease**

* *if the lessee is reasonably certain to exercise that option.*

** *if the lessee is reasonably certain not to exercise that option.*

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination);
- substantial changes made to the leased premises (specific layouts, such as a bank vault);
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.);
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location);
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, most property leases on premises occupied by branches are 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 direct costs (*e.g.* issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc.), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The Group uses the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity's credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2022 R	Increases/ allowances	Disposals/ reversals	Revaluation	Other movements	31.12.2023
Intangible Assets	**2,874**	**665**	**(155)**	**-**	**178**	**3,562**
of which gross value	*8,935*	*1,379*	*(728)*	*-*	*404*	*9,990*
of which amortisation and impairments	*(6,061)*	*(714)*	*573*	*-*	*(226)*	*(6,428)*
Tangible Assets (w/o assets under operating leases)	**4,289**	**96**	**(148)**	**-**	**(18)**	**4,219**
of which gross value	*11,031*	*652*	*(391)*	*-*	*(85)*	*11,207*
of which amortisation and impairments	*(6,742)*	*(556)*	*243*	*-*	*67*	*(6,988)*
Assets under operating leases(1)	**24,071**	**16,411**	**(11,204)**	**-**	**21,143**	**50,421**
of which gross value	*32,933*	*22,463*	*(16,618)*	*-*	*28,628*	*67,406*
of which amortisation and impairments	*(8,862)*	*(6,052)*	*5,414*	*-*	*(7,485)*	*(16,985)*
Investment Property (except insurancy activities)	**11**	**(1)**	**-**	**-**	**2**	**12**
of which gross value	*30*	*-*	*(2)*	*-*	*7*	*35*
of which amortisation and impairments	*(19)*	*(1)*	*2*	*-*	*(5)*	*(23)*
Investment Property (including insurancy activities)	**877**	**1**	**-**	**(148)**	**-**	**730**
Rights-of-use	**1,836**	**(33)**	**(152)**	**-**	**119**	**1,770**
of which gross value	*3,221*	*417*	*(280)*	*-*	*239*	*3,597*
of which amortisation and impairments	*(1,385)*	*(450)*	*128*	*-*	*(120)*	*(1,827)*
TOTAL	**33,958**	**17,139**	**(11,659)**	**(148)**	**21,424**	**60,714**

(1) *The other movements are mainly explained by the acquisition of LeasePlan (cf. Note 2.1).*

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(In EURm)	31.12.2023	31.12.2022*
Payments due in less than five years	21,555	7,426
Payments due in less than one year	*5,115*	*966*
Payments due from one to two years	*5,125*	*1,766*
Payments due from two to three years	*5,615*	*2,408*
Payments due from three to four years	*4,376*	*1,809*
Payments due from four to five years	*1,324*	*477*
Payments due in more than five years	146	27
TOTAL	**21,701**	**7,453**

* *Amounts restated compared to the financial statements published for 2022.*

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

Property Leases

Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:

- the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are 9-year commercial leases with early termination options at 3 and 6 years (so-called "3/6/9" leases). If a new contract is not signed by the end of that 9-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centres: London, New York, Hong Kong...

Outside France, residual lease periods are generally below 10 years. In some countries, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

	31.12.2023			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(458)	(47)	(9)	(514)
Interest expenses on lease liabilities	*(45)*	*(1)*	*(1)*	*(47)*
Depreciation charge for right-of-use assets	*(378)*	*(41)*	*(4)*	*(423)*
Expense relating to short-term leases	*(22)*	*(1)*	*(4)*	*(27)*
Expense relating to leases of low-value assets	*(2)*	*(4)*	*-*	*(6)*
Expense relating to variable lease payments	*(11)*	*-*	*-*	*(11)*
Sublease income	11	-	-	11

	31.12.2022			
(In EURm)	**Real estate**	**IT**	**Others**	**Total**
Lease	(440)	(47)	(8)	(495)
Interest expenses on lease liabilities	*(37)*	*(0)*	*(0)*	*(37)*
Depreciation charge for right-of-use assets	*(361)*	*(42)*	*(4)*	*(407)*
Expense relating to short-term leases	*(29)*	*(1)*	*(3)*	*(33)*
Expense relating to leases of low-value assets	*(1)*	*(4)*	*(1)*	*(6)*
Expense relating to variable lease payments	*(12)*	*(0)*	*(0)*	*(12)*
Sublease income	11	-	-	11

NOTE 8.4 Companies included in the consolidation scope

Country			Activity	Method*	Group ownership interest As at 31.12.2023	Group ownership interest As at 31.12.2022	Group voting interest As at 31.12.2023	Group voting interest As at 31.12.2022
South Africa								
	(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria								
		ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	52.59	75.94	99.99	99.99
		SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany								
		ALD AUTOLEASING D GmbH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD INTERNATIONAL GmbH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD INTERNATIONAL GROUP HOLDINGS GmbH	Specialist Financing	FULL	52.59	75.94	100	100
		ALD LEASE FINANZ GmbH	Specialist Financing	FULL	100	100	100	100
		BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GmbH	Specialist Financing	FULL	99.94	99.94	90	90
		BDK LEASING UND SERVICE GmbH	Specialist Financing	FULL	100	100	100	100
		CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	52.59	75.94	100	100
		CARPOOL GmbH	Specialist Financing	FULL	52.59	75.94	100	100
		FLEETPOOL GmbH	Specialist Financing	FULL	52.59	75.94	100	100
		GEFA BANK GmbH	Specialist Financing	FULL	100	100	100	100
		GEFA VERSICHERUNGSDIENST GmbH	Specialist Financing	EFS	100	100	100	100
		HANSEATIC BANK GmbH & CO KG	Specialist Financing	FULL	75	75	75	75
		HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
		HSCE HANSEATIC SERVICE CENTER GmbH	Services	FULL	75	75	100	100
		INTERLEASING DELLO HAMBURG G.M.B.H.	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEAN AUTOVERMIETUNG GmbH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN DEUTSCHLAND GmbH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN SERVICES GmbH	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN VERSICHERUNGSVERMITTLUNGS-GESELLSCHAFT MBH	Specialist Financing	FULL	52.59	0	100	0
	(6)	PHILIPS MEDICAL CAPITAL GmbH	Specialist Financing	FULL	60	0	60	0
	(6)	RED & BLACK AUTO GERMANY 10	Financial Company	FULL	100	0	100	0
		RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
	(2)	RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	0	100	0	100
		RED & BLACK AUTO GERMANY 7	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Germany		RED & BLACK AUTO GERMANY 8	Financial Company	FULL	100	100	100	100
		RED & BLACK AUTO GERMANY 9 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
		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)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Arabie Saoudite								
	(6)	SOCIETE GENERALE SAUDI ARABIA JSC	Bank	FULL	100	0	100	0
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	52.59	75.94	100	100
	(6)	FLOTTENMANAGEMENT GmbH	Specialist Financing	ESI	25.77	0	49	0
	(6)	LEASEPLAN OSTERREICH FUHRPARKMANAGEMENT GmbH	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus								
	(4)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	0	75.94	0	100
Belgium								
		AXUS FINANCE SRL	Specialist Financing	FULL	52.59	75.94	100	100
		AXUS SA/NV	Specialist Financing	FULL	52.59	75.94	100	100
		BASTION EUROPEAN INVESTMENTS SA	Financial Company	FULL	60.74	60.74	100	100
	(6)	BUMPER BE	Financial Company	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT N.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN PARTNERSHIPS & ALLIANCES	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN TRUCK N.V.	Specialist Financing	FULL	52.59	0	100	0
		PARCOURS BELGIUM	Real Estate and Real Estate Financing	FULL	52.59	75.94	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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
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 SA	Specialist Financing	FULL	52.59	75.94	100	100
		ALD CORRETORA DE SEGUROS LTDA	Broker	FULL	52.59	75.94	100	100
		BANCO SOCIETE GENERALE BRASIL SA	Bank	FULL	100	100	100	100
	(6)	LEASEPLAN ARRENDAMENTO MERCANTIL SA	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN BRASIL LTDA.	Specialist Financing	FULL	52.59	0	100	0
		SOCIETE GENERALE EQUIPMENT FINANCE S/A – ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100	100	100	100
Bulgaria								
		ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	52.59	75.94	100	100
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								
	(8)	13406300 CANADA INC.	Bank	FULL	100	100	100	100
	(6)	SG MONTREAL SOLUTION CENTER 2 INC.	Services	FULL	100	0	100	0
	(6)	SG MONTREAL SOLUTION CENTER INC.	Services	FULL	100	0	100	0
	(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile								
		ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	52.59	75.94	100	100
China								
		SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100	100	100	100
Colombia								
		ALD AUTOMOTIVE SAS	Specialist Financing	FULL	52.59	75.94	100	100
Congo								
	(4)	SOCIETE GENERALE CONGO	Bank	FULL	0	93.47	0	93.47
South Korea								
		SG SECURITIES KOREA CO., LTD.	Broker	FULL	100	100	100	100
	(1)	SG SEOUL	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest As at 31.12.2023	Group ownership interest As at 31.12.2022	Group voting interest As at 31.12.2023	Group voting interest As at 31.12.2022
Côte d'Ivoire								
	(6)	SOCIETE GENERALE AFRICAN BUSINESS SERVICES ABIDJAN	Services	FULL	97.88	0	100	0
		SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.27	71.25	100	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	52.59	75.94	100	100
		ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	52.59	75.94	100	100
Denmark								
		ALD AUTOMOTIVE A/S	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	AUTO CLAIM HANDLING DANMARK A/S	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN DANMARK A/S	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET A/S	Specialist Financing	FULL	42.07	60.75	80	80
United Arab Emirates								
	(6)	LEASEPLAN EMIRATES FLEET MANAGEMENT – LEASEPLAN EMIRATES LLC, UAE	Specialist Financing	ESI	25.77	0	49	0
	(1)	SOCIETE GENERALE, DIFC BRANCH	Bank	FULL	100	100	100	100
Spain								
		ALD AUTOMOTIVE SAU.	Specialist Financing	FULL	52.59	75.94	100	100
		ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
	(6)	GARANTHIA PLAN S.L.	Broker	FULL	52.59	0	100	0
	(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	LEASE PLAN SERVICIOS SAU.	Specialist Financing	FULL	52.59	0	100	0
	(6)	PAYXPERT SPAIN	Financial Company	FULL	60	0	100	0
	(6)	PIRAMBU S.L.	Financial Company	FULL	100	0	100	0
		SG EQUIPMENT FINANCE IBERIA, E.F.C, SAU.	Specialist Financing	FULL	100	100	100	100
		SOCGEN FINANCIACIONES IBERIA, S.L.	Bank	FULL	100	100	100	100
		SOCGEN INVERSIONES FINANCIERAS S.L.	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
		SOLUCIONES DE RENTING Y MOVILIDAD, S.L. (SOCIEDAD UNIPERSONAL)	Specialist Financing	FULL	52.59	75.94	100	100
Estonia								
		ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	39.45	56.96	75.01	75.01

Country			Activity	Method*	Group ownership interest As at 31.12.2023	Group ownership interest As at 31.12.2022	Group voting interest As at 31.12.2023	Group voting interest As at 31.12.2022
United States of America								
		AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
		SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
		SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
		SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
		SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
		SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
	(5)	SG CONSTELLATION, INC.	Financial Company	FULL	0	100	0	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
	(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
Finland								
		AXUS FINLAND OY	Specialist Financing	FULL	52.59	75.94	100	100
		NF FLEET OY	Specialist Financing	FULL	42.07	60.75	80	80
France								
		29 HAUSSMANN EQUILIBRE	Financial Company	FULL	87.1	87.1	87.1	87.1
	(6)	29 HAUSSMANN EURO CREDIT – PART-C	Financial Company	FULL	60.05	0	60.05	0
		29 HAUSSMANN EURO RDT	Financial Company	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	Financial Company	FULL	68.7	68.7	68.7	68.7
		908 REPUBLIQUE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(6)	ADMINISTRATIVE AND MANAGEMENT SERVICES	Specialist Financing	FULL	52.59	0	100	0
		AIR BAIL	Specialist Financing	FULL	100	100	100	100
		AIX – BORD DU LAC – 3	Financial Company	EJV	50	50	50	50
	(2)	AIX – BORD DU LAC – 4	Real Estate and Real Estate Financing	EJV	0	50	0	50
		ALD	Specialist Financing	FULL	52.59	75.94	68.97	75.94
		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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(4)	AMUNDI CREDIT EURO – P	Financial Company	FULL	0	57.43	0	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
	(5)	BANQUE COURTOIS	Bank	FULL	0	100	0	100
		BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	FULL	50	50	50	50
	(5)	BANQUE KOLB	Bank	FULL	0	100	0	100
	(5)	BANQUE LAYDERNIER	Bank	FULL	0	100	0	100
	(5)	BANQUE NUGER	Bank	FULL	0	100	0	100
	(3)	BANQUE POUYANNE	Bank	ESI	0	35	0	35
	(5)	BANQUE RHONE ALPES	Bank	FULL	0	99.99	0	99.99
	(5)	BANQUE TARNEAUD	Bank	FULL	0	100	0	100
		BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(6)	BERCK RUE DE BOUVILLE	Real Estate and Real Estate Financing	ESI	25	0	25	0
		BERLIOZ	Financial Company	FULL	84.05	84.05	84.05	84.05
	(6)	BEZIERS-LA COURONDELLE	Real Estate and Real Estate Financing	EJV	50	0	50	0
		BOURSORAMA MASTER HOME LOANS FRANCE	Specialist Financing	FULL	100	100	100	100
		BOURSORAMA SA	Bank	FULL	100	100	100	100
		BREMANY LEASE SAS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	(6)	BUMPER FR 2022-1	Financial Company	FULL	52.59	0	100	0
		CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
	(6)	CEGELEASE	Real Estate and Real Estate Financing	FULL	99.99	0	100	0
		CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
	(2)	CHARTREUX LOT A1	Real Estate and Real Estate Financing	ESI	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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		CONTE	Group Real Estate Management Company	EJV	50	50	50	50
	(5)	CREDIT DU NORD	Bank	FULL	0	100	0	100
	(3)	DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	0	89.94	0	89.94
		DARWIN DIVERSIFIE 40-60	Financial Company	FULL	79.78	79.78	79.78	79.78
		DARWIN DIVERSIFIE 80-100	Financial Company	FULL	78.34	78.34	78.34	78.34
		DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
		ECHIQUIER AGENOR EURO SRI MID CAP	Financial Company	FULL	40.85	40.85	40.85	40.85
	(2)	ESNI – COMPARTIMENT SG-CREDIT CLAIMS – 1	Financial Company	FULL	0	100	0	100
		ETOILE CAPITAL	Financial Company	FULL	100	99.99	100	99.99
	(3)	ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	0	51.59	0	51.59
	(3)	ETOILE MULTI GESTION USA – PART P	Insurance	FULL	0	35.18	0	35.18
		F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(4)	FCC ALBATROS	Portfolio Management	ESI	0	100	0	51
		FCT LA ROCHE	Specialist Financing	FULL	100	100	100	100
		FEEDER LYX E ST50 D6	Financial Company	FULL	100	100	100	100
		FEEDER LYXOR CAC40 D2-EUR	Financial Company	FULL	100	100	100	100
		FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
		FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
		FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
		FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
		GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEBANQUE	Bank	FULL	100	100	100	100
		GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100
		GENECAR – SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
		GENECOMI FRANCE	Specialist Financing	FULL	100	100	100	100
		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	60.34	56.56	60.34	56.56

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
	(3)	HAGA NYGATA	Specialist Financing	FULL	0	100	0	100
		HIPPOLYTE	Specialist Financing	FULL	100	100	100	100
		HYUNDAI CAPITAL FRANCE (EX SEFIA)	Specialist Financing	ESI	49.95	49.95	50	50
		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
	(6)	IVRY CHAUSSINAND	Real Estate and Real Estate Financing	FULL	64	0	64	0
		JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
		LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	LEASEPLAN FRANCE SAS	Specialist Financing	FULL	52.59	0	100	0
		LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
		LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	(2)	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	0	30	0	30
	(6)	LES JARDINS DU VILLAGE	Real Estate and Real Estate Financing	FULL	80	0	80	0
		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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		LYX ACT EURO CLIMAT-D3EUR	Financial Company	FULL	100	100	100	100
		LYX ACT EURO CLIMAT-DEUR	Financial Company	FULL	100	100	100	100
		LYXOR ACTIONS EURO CLIMAT D4 EUR	Financial Company	FULL	100	100	100	100
		LYXOR GL OVERLAY F	Financial Company	FULL	87.27	87.27	87.27	87.27
		LYXOR SKYFALL FUND	Financial Company	FULL	88.98	88.98	88.98	88.98
		MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	ESI	0	100	0	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	Financial Company	FULL	100	100	100	100
		ORADEA VIE	Insurance	FULL	100	100	100	100
		ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
		PARCOURS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
		PARCOURS ANNECY	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
		PARCOURS BORDEAUX	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
		PARCOURS NANTES	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
		PARCOURS STRASBOURG	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
		PARCOURS TOURS	Real Estate and Real Estate Financing	FULL	52.59	75.94	100	100
	(5)	PAREL	Services	FULL	0	100	0	100
	(6)	PAYXPERT FRANCE	Financial Company	FULL	60	0	100	0
		PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
		PIERRE PATRIMOINE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6)	PLEASE	Specialist Financing	EJV	52.23	0	50	0
		PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100	100
		PRIMONIAL DOUBLE IMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		PROGEREAL	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
		PROJECTIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		RED & BLACK AUTO LEASE FRANCE 1	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	RED & BLACK AUTO LEASE FRANCE 2	Financial Company	FULL	52.59	0	100	0
		RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
		RED & BLACK HOME LOANS FRANCE 2	Financial Company	FULL	100	100	100	100
	(6)	REEZOCORP	Specialist Financing	FULL	96.83	0	96.88	0
		RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
		SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
	(2)	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SARL BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
		SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS AMIENS – AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS BF3 NOGENT THIERS	Portfolio Management	ESI	20	20	20	20
		SAS BONDUES – COEUR DE BOURG	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	0	75	0	75

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(2)	SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	0	90	0	90
		SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
	(5)	SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SAS NOYALIS	Real Estate and Real Estate Financing	ESI	0	28	0	28
		SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
	(5)	SAS PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SAS RESIDENCE AUSTRALIS	Real Estate and Real Estate Financing	FULL	0	77	0	77
	(2)	SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	0	68.4	0	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	58.5	58.5	58.5
	(5)	SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SAS TOUR D2	Real Estate and Real Estate Financing	JO	50	50	50	50
		SAS VILLENEUVE D'ASCQ – RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	60	60	60

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		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 BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV COLOMBES	Real Estate and Real Estate Financing	ESI	28.66	28.66	49	49
	(6)	SCCV COMPIEGNE ROYALLIEU	Real Estate and Real Estate Financing	ESI	30	0	30	0
		SCCV COMPIEGNE – RUE DE L'EPARGNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(4)	SCCV EIFFEL FLOQUET	Real Estate and Real Estate Financing	FULL	0	51	0	51
		SCCV EPRON – ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(6)	SCCV ERAGNY GUICHARD	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85	85
	(6)	SCCV GOELETTES GRAND LARGE	Real Estate and Real Estate Financing	EJV	50	0	50	0
		SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
		SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCCV LA BAULE – LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25	25
		SCCV LA MADELEINE – PRE CATELAN	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
	(2)	SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	0	25	0	25
		SCCV LE CENTRAL C1.4	Real Estate and Real Estate Financing	ESI	33.4	33.4	33.4	33.4
	(6)	SCCV LE CENTRAL C1.5A	Real Estate and Real Estate Financing	ESI	33.3	0	33.3	0
	(6)	SCCV LE CENTRAL C1.7	Real Estate and Real Estate Financing	ESI	33.3	0	33.3	0
		SCCV LES BASTIDES FLEURIES	Real Estate and Real Estate Financing	FULL	64.29	64.29	64.29	64.29
		SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(6)	SCCV LES HAUTS VERGERS	Real Estate and Real Estate Financing	FULL	55	0	55	0
		SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
		SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV L'IDEAL – MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV LILLE – JEAN MACE	Real Estate and Real Estate Financing	ESI	33.4	33.4	33.4	33.4
		SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV MARCQ EN BAROEUL GABRIEL PERI	Real Estate and Real Estate Financing	ESI	20	20	20	20
		SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6)	SCCV MASSY NOUAILLE	Real Estate and Real Estate Financing	FULL	80	0	80	0
		SCCV MEHUL 34000 (ex-SCCV MEHUL)	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV MONROC – LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV MONS EQUATION	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		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
	(5)	SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SCCV ROUSSET – LOT 03	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV SOPRAB IDF	Real Estate and Real Estate Financing	FULL	70	70	70	70
		SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	(2)	SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	0	95	0	95

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		SCCV TOULOUSE LES IZARDS	Specialist Financing	FULL	51	51	51	51
		SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(2)	SCCV VERNAISON – RAZAT	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCCV VERNONNET-FIESCHI	Real Estate and Real Estate Financing	FULL	51	51	51	51
		SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SCCV VILLA VALERIANE	Specialist Financing	ESI	30	30	30	30
		SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	80	80	80
		SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
	(6)	SCCV VILLENEUVE BONGARDE T2	Real Estate and Real Estate Financing	FULL	51	0	51	0
		SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCCV VILLENEUVE VILLAGE BONGARDE	Specialist Financing	FULL	51	51	51	51
		SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(2)	SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
	(2)	SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	0	42	0	50
	(2)	SCI AVARICUM	Real Estate and Real Estate Financing	FULL	0	99	0	99
		SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(5)	SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	0	100	0	100
		SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
	(2)	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	0	40	0	40
	(2)	SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	0	40	0	40
	(2)	SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	0	30	0	30
	(2)	SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	0	40	0	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 LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	71	70	71
		SCI LOCMINE- LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(2)	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	0	70	0	70
		SCI MONTPELLIER JACQUES CŒUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SCI PRIMO E+	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI PRIMO N+	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI PRIMO N+2	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI PRIMO N+3	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	0	60	0	60

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(2)	SCI PRONY	Real Estate and Real Estate Financing	EJV	0	50	0	50
		SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
		SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
		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
	(2)	SCI SAINT OUEN L'AUMONE – L'OISE	Real Estate and Real Estate Financing	EJV	0	38	0	38
		SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66
		SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
		SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(2)	SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	0	80	0	80
		SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
		SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SERVIPAR	Specialist Financing	FULL	52.59	75.94	100	100
		SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
	(3)	SG ACTIONS EURO	Insurance	FULL	0	47.75	0	47.75
		SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
		SG ACTIONS FRANCE	Financial Company	FULL	38.14	38.14	38.14	38.14
		SG ACTIONS LUXE-C	Financial Company	FULL	84.25	84.25	84.25	84.25
	(3)	SG ACTIONS MONDE	Insurance	FULL	0	67.59	0	67.59
		SG ACTIONS MONDE EMERGENT	Financial Company	FULL	60.05	60.05	60.05	60.05
		SG ACTIONS US	Financial Company	FULL	65.06	65.06	65.06	65.06
	(6)	SG AMUNDI ACTIONS FRANCE ISR – PART-C	Financial Company	FULL	60.05	0	60.05	0

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(6)	SG AMUNDI ACTIONS MONDE EAU – PART-C	Financial Company	FULL	60.05	0	60.05	0
		SG AMUNDI MONETAIRE ISR	Financial Company	FULL	100	100	100	100
	(6)	SG AMUNDI MONETAIRE ISR – PART P-C	Financial Company	FULL	60.05	0	60.05	0
	(6)	SG AMUNDI OBLIG ENTREPRISES EURO ISR – PART-C	Financial Company	FULL	60.05	0	60.05	0
		SG BLACKROCK ACTIONS US ISR	Financial Company	FULL	100	100	100	100
		SG BLACKROCK FLEXIBLE ISR	Financial Company	FULL	100	100	100	100
	(6)	SG BLACKROCK OBLIGATIONS EURO ISR – PART-C	Financial Company	FULL	60.05	0	60.05	0
		SG CAPITAL DEVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
	(6)	SG DNCA ACTIONS EURO ISR – PART-C	Financial Company	FULL	60.05	0	60.05	0
		SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
		SG FLEXIBLE	Financial Company	FULL	92.48	92.48	92.48	92.48
	(6)	SG OBLIG ETAT EURO – PART P-C	Financial Company	FULL	60.05	0	60.05	0
		SG OBLIG ETAT EURO-R	Financial Company	FULL	79.94	79.94	79.94	79.94
		SG OBLIGATIONS	Financial Company	FULL	82.92	82.92	82.92	82.92
		SG OPCIMMO	Financial Company	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
		SGA 48-56 DESMOULINS	Real Estate and Real Estate Financing	FULL	99	99	99	99
		SGA AXA IM US CORE HY LOW CARBON	Financial Company	FULL	100	100	100	100
		SGA AXA IM US SD HY LOW CARBON	Financial Company	FULL	100	100	100	100
		SGA INFRASTRUCTURES	Financial Company	FULL	100	100	100	100
		SGB FINANCE SA	Specialist Financing	FULL	50.94	50.94	51	51
		SGEF SA	Specialist Financing	FULL	100	100	100	100
		SGI 10-16 VILLE L'EVEQUE	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGI 1-5 ASTORG	Financial Company	FULL	100	100	100	100
		SGI HOLDING SIS	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SGI PACIFIC	Real Estate and Real Estate Financing	FULL	89.24	89.24	89.53	89.53
		SHINE	Financial Company	FULL	93.97	90.9	93.97	90.9
		SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	(6)	SNC HPL ARROMANCHES	Real Estate and Real Estate Financing	FULL	100	0	100	0

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40
		SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
		SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
		SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
		SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
		SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
		SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
	(2)	SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Services	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 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
	(6)	SOCIETE DE COURTAGES D'ASSURANCES GROUPE	Broker	FULL	52.59	0	100	0
		SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	100	100	100	100
	(6)	SOCIETE DE SERVICES FIDUCIAIRES (2SF)	Financial Company	EJV	33.33	0	33.33	0
		SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	100	100	100	100
	(2)	SOCIETE DU PARC D'ACTIVITE DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	0	30	0	30
		SOCIETE GENERALE	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	(6)	SOCIETE GENERALE – FORGE	Services	FULL	90.9	0	90.9	0
		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 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
		SOCIETE GENERALE VENTURES	Portfolio Management	FULL	100	100	100	100
		SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100
	(5)	SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	0	100	0	100
	(3)	SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	0	35.1	0	35.1
		SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	100	100	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.	Financial Company	FULL	99.78	99.78	99.78	99.78
		SOGEAX	Real Estate and Real Estate Financing	FULL	60	60	60	60
		SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
		SOGECAP	Insurance	FULL	100	100	100	100
		SOGECAP – DIVERSIFIED LOANS FUND	Financial Company	FULL	100	100	100	100
	(6)	SOGECAP ACTIONS PROTEGEES – PART-C/D	Financial Company	FULL	60.05	0	60.05	0
		SOGECAP DIVERSIFIE 1	Financial Company	FULL	100	100	100	100
		SOGECAP EQUITY OVERLAY (FEEDER)	Financial Company	FULL	100	100	100	100
		SOGECAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
		SOGECAPIMMO 2	Financial Company	FULL	90.71	90.71	90.84	90.84
		SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
		SOGEFIMUR	Specialist Financing	FULL	100	100	100	100

Country		Activity	Method*	Group ownership interest		Group voting interest	
				As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France	SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
	SOGEFINERG FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGEFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
	SOGELEASE FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGEMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
	SOGEPIERRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM	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	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 LYON AMENAGEMENT (ex-SAS NOAHO AMENAGEMENT)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	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	Real Estate and Real Estate Financing	FULL	98.75	98.75	98.75	98.75
	ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	50	50	50
	STAR LEASE	Specialist Financing	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
France		TEMSYS	Specialist Financing	FULL	52.59	75.94	100	100
		TRANSACTIS	Services	EJV	50	50	50	50
		TREEZOR SAS	Financial Company	FULL	95.35	95.12	95.35	95.12
		URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100
		VALMINCO	Portfolio Management	FULL	100	100	100	100
		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 PLC (ex-SOCIETE GENERAL GHANA PLC)	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar								
		HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
		SG KLEINWORT HAMBROS (GIBRALTAR) LIMITED (ex-SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED)	Bank	FULL	100	100	100	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED GIBRALTAR BRANCH	Bank	FULL	100	100	100	100
Greece								
		ALD AUTOMOTIVE SA LEASE OF CARS	Bank	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN HELLAS COMMERCIAL VEHICLE LEASING AND FLEET MANAGEMENT SERVICES SINGLE-MEMBER SOCIETE ANON	Specialist Financing	FULL	52.59	0	100	0
Guinea								
		SOCIETE GENERALE GUINEE	Bank	FULL	57.93	57.93	57.93	57.93
Equatorial Guinea								
		SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong								
		SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
		SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Hong Kong		SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
		SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	(1)	SG HONG KONG	Bank	FULL	100	100	100	100
		SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
		SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
		SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	(1)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
		TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary								
		ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN HUNGARIA GEPJARMU KEZELO ES FIANNSZIROZO RESZVENYTARSASAG	Specialist Financing	FULL	52.59	0	100	0
	(6)	SG EQUIPMENT FINANCE HUNGARY ZRT	Specialist Financing	FULL	100	0	100	0
Jersey Island								
		ELMFORD LIMITED	Services	FULL	100	100	100	100
		HANOM I LIMITED	Financial Company	FULL	100	100	100	100
	(5)	HANOM II LIMITED	Financial Company	ESI	0	100	0	100
	(5)	HANOM III LIMITED	Financial Company	ESI	0	100	0	100
		J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
	(5)	KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	ESI	0	100	0	100
	(5)	SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	ESI	0	100	0	100
	(2)	SG HAUSSMANN FUND	Financial Company	FULL	0	100	0	100
		SG KLEINWORT HAMBROS (CI) LIMITED (ex-SG KLEINWORT HAMBROS BANK (CI) LIMITED)	Bank	FULL	100	100	100	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED, JERSEY BRANCH	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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Isle of Man								
		KBBIOM LIMITED	Bank	FULL	100	100	100	100
	(2)	KBTIOM LIMITED	Bank	FULL	0	100	0	100
Guernsey Island								
		CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
		HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
	(5)	HTG LIMITED	Services	ESI	0	100	0	100
		KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	(1) (2)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH	Bank	FULL	0	100	0	100
	(1)	SG KLEINWORT HAMBROS BANK LIMITED GUERNSEY BRANCH	Bank	FULL	100	100	100	100
India								
		ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASE PLAN INDIA PRIVATE LTD.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT INDIA PVT. LTD.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG MUMBAI	Bank	FULL	100	100	100	100
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA	Services	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland								
		ALD RE PUBLIC LIMITED COMPANY (ex-ALD RE DESIGNATED ACTIVITY COMPANY)	Insurance	FULL	52.59	75.94	100	100
	(6)	EURO INSURANCES DESIGNATED ACTIVITY COMPANY	Insurance	FULL	52.59	0	100	0
		IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	100	100	100
		IRIS SPV PLC SERIES SOGECAP	Financial Company	FULL	100	100	100	100
	(1) (6)	LEASEPLAN DIGITAL B.V. (DUBLIN BRANCH)	Services	FULL	52.59	0	100	0
	(1) (6)	LEASEPLAN FINANCE B.V. (DUBLIN BRANCH OF LEASEPLAN FINANCE B.V.)	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT SERVICES IRELAND LTD.	Specialist Financing	FULL	52.59	0	100	0
	(4)	MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	0	75.94	0	100
		NB SOG EMER EUR – I	Financial Company	FULL	100	100	100	100
	(1)	SG DUBLIN	Bank	FULL	100	100	100	100
	(2)	SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	0	100	0	100
		SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Italy								
		ALD AUTOMOTIVE ITALIA S.R.L.	Specialist Financing	FULL	52.59	75.94	100	100
		FIDITALIA S.P.A.	Specialist Financing	FULL	100	100	100	100
		FRAER LEASING SPA	Specialist Financing	FULL	86.91	74.99	86.91	74.99
	(6)	LEASEPLAN ITALIA S.P.A.	Specialist Financing	FULL	52.59	0	100	0
		MORIGI FINANCE S.R.L.	Specialist Financing	FULL	100	100	100	100
		RED & BLACK AUTO ITALY S.R.L.	Financial Company	FULL	100	100	100	100
		SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
		SG FACTORING SPA	Specialist Financing	FULL	100	100	100	100
		SG LEASING SPA	Specialist Financing	FULL	100	100	100	100
	(1)	SG LUXEMBOURG ITALIAN BRANCH	Bank	FULL	100	100	100	100
	(1)	SG MILAN	Bank	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
	(1)	SOGECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA)	Insurance	FULL	100	100	100	100
	(1)	SOGESSUR SA RAPPRESENTANZA GENERALE PER L'ITALIA (ex-SOGESSUR SA)	Insurance	FULL	100	100	100	100
Japan								
	(1)	SG TOKYO	Bank	FULL	100	100	100	100
		SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED	Portfolio Management	FULL	100	100	100	100
		SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia								
		ALD AUTOMOTIVE SIA	Specialist Financing	FULL	39.44	56.96	75	75
Lithuania								
		UAB ALD AUTOMOTIVE	Specialist Financing	FULL	39.44	56.96	75	75
Luxembourg								
		ALD INTERNATIONAL SERVICES SA	Specialist Financing	FULL	52.59	75.94	100	100
		AXUS LUXEMBOURG SA	Specialist Financing	FULL	52.59	75.94	100	100
		BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
	(6)	BUMPER DE SA	Financial Company	FULL	52.59	0	100	0
		CODEIS COMPARTIMENT A0084	Financial Company	FULL	100	100	100	100
		CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
		CODEIS SECURITIES SA	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Luxembourg		COVALBA	Financial Company	FULL	100	100	100	100
	(4)	GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	0	100	0	100
	(6)	INFRAMEWA CO-INVEST SCSP	Financial Company	FULL	60.05	0	60.05	0
		IVEFI SA	Financial Company	FULL	100	100	100	100
	(1) (6)	LEASEPLAN GLOBAL PROCUREMENT (A LUXEMBOURGISH BRANCH OF LEASEPLAN GLOBAL B.V.)	Specialist Financing	FULL	52.59	0	100	0
	(6)	MERIBOU INVESTMENTS SA	Specialist Financing	FULL	100	0	100	0
	(6)	MOOREA FUND SG CREDIT MILLESIME 2028 RE (EUR CAP)	Financial Company	FULL	60.05	0	60.05	0
		MOOREA GLB BALANCED	Financial Company	FULL	68.08	68.08	68.08	68.08
	(6)	MOOREA SUSTAINABLE US EQUITY RE	Financial Company	FULL	60.05	0	60.05	0
		PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Financial Company	FULL	100	100	100	100
	(6)	RED & BLACK AUTO LEASE GERMANY 3 SA	Financial Company	FULL	52.59	0	100	0
		RED & BLACK AUTO LEASE GERMANY SA	Financial Company	FULL	52.59	75.94	100	100
		SALINGER SA	Bank	FULL	100	100	100	100
		SG ISSUER	Financial Company	FULL	100	100	100	100
	(6)	SG LUCI	Insurance	FULL	100	0	100	0
		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
		SGL RE	Insurance	FULL	100	100	100	100
		SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
		SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
		SOCIETE GENERALE LIFE INSURANCE BROKER 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 SA	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
	(2)	SOLYS	Financial Company	FULL	0	100	0	100
		SPIRE SA – COMPARTIMENT 2021-51	Financial Company	FULL	100	100	100	100
		SURYA INVESTMENTS SA	Specialist Financing	FULL	100	100	100	100
		ZEUS FINANCE LEASING SA	Specialist Financing	FULL	52.59	75.94	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Madagascar								
		BFV – SOCIETE GENERALE	Bank	FULL	70	70	70	70
Malaysia								
		ALD MHC MOBILITY SERVICES MALAYSIA SDN BHD	Specialist Financing	FULL	31.55	45.56	60	60
Morocco								
		ALD AUTOMOTIVE SA (ex-ALD AUTOMOTIVE SA MAROC)	Specialist Financing	FULL	27.06	35.23	50	50
		ATHENA COURTAGE	Insurance	FULL	58.26	58.28	99.9	99.93
		FONCIMMO	Group Real Estate Management Company	FULL	57.67	57.67	100	100
	(6)	INVESTIMA SA	Bank	FULL	38.14	0	58.48	0
		LA MAROCAINE VIE	Insurance	FULL	79.24	79.24	99.98	99.98
		SG MAROCAINE DE BANQUES	Bank	FULL	57.67	57.67	57.67	57.67
		SOCIETE D’EQUIPEMENT DOMESTIQUE ET MENAGER “EQDOM”	Specialist Financing	FULL	32.37	31.19	57.09	53.98
	(6)	SOCIETE GENERALE AFRICAN BUSINESS SERVICES SAS	Services	FULL	97.88	0	100	0
		SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.67	57.67	100	100
		SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.64	57.64	99.94	99.94
		SOGECAPITAL GESTION	Financial Company	FULL	57.65	57.64	99.95	99.94
		SOGECAPITAL PLACEMENT	Portfolio Management	FULL	57.66	57.66	99.97	99.98
	(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.67	57.67	100	100
Mauritius								
		SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mauritania								
		SOCIETE GENERALE MAURITANIE	Bank	FULL	100	95.5	100	95.5
Mexico								
		ALD AUTOMOTIVE SA DE C.V.	Specialist Financing	FULL	52.59	75.94	100	100
		ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	LEASEPLAN MEXICO SA DE C.V.	Specialist Financing	FULL	52.59	0	100	0
		SGFP MEXICO, SA DE C.V.	Financial Company	FULL	100	100	100	100
Monaco								
	(5)	SOCIETE DE BANQUE MONACO	Bank	FULL	0	100	0	100
		SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	99.99	100	99.99	100
	(1)	SOCIETE GENERALE (SUCCURSALE MONACAO)	Bank	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Norway								
	(4)	ALD AUTOMOTIVE AS	Specialist Financing	FULL	0	75.94	0	100
	(6)	LEASEPLAN NORGE AS	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET AS	Specialist Financing	FULL	42.07	60.75	80	80
New Caledonia								
		CREDICAL	Specialist Financing	FULL	88.34	88.34	98.05	98.05
	(6)	SOCALFI	Financial Company	FULL	88.34	0	100	0
		SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.09	90.09	90.09	90.09
Netherlands								
	(6)	AALH PARTICIPATIES B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	ACCIDENT MANAGEMENT SERVICES (AMS) B.V.	Specialist Financing	FULL	52.59	0	100	0
		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	52.59	75.94	100	100
		AXUS NEDERLAND BV	Specialist Financing	FULL	52.59	75.94	100	100
		BRIGANTIA INVESTMENTS B.V.	Financial Company	FULL	100	100	100	100
	(6)	BUMPER NL 2020-1 B.V.	Financial Company	FULL	52.59	0	100	0
	(6)	BUMPER NL 2022-1 B.V.	Financial Company	FULL	52.59	0	100	0
		CAPEREA B.V.	Specialist Financing	FULL	100	100	100	100
	(6)	FIRENTA B.V.	Specialist Financing	FULL	52.59	0	100	0
		FORD FLEET MANAGEMENT B.V.	Real Estate and Real Estate Financing	FULL	26.35	38.05	50.1	50.1
		HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
		HORDLE FINANCE B.V.	Financial Company	FULL	100	100	100	100
	(6)	LEASE BEHEER HOLDING B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASE BEHEER VASTGOED B.V.	Real Estate and Real Estate Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN CN HOLDING B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN CORPORATION N.V.	Financial Company	FULL	52.59	0	100	0
	(6)	LEASEPLAN DIGITAL B.V.	Services	FULL	52.59	0	100	0
	(6)	LEASEPLAN FINANCE B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN GLOBAL B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN NEDERLAND N.V.	Specialist Financing	FULL	52.59	0	100	0

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Netherlands	(6)	LEASEPLAN RECHTSHULP B.V.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LP GROUP B.V.	Specialist Financing	FULL	52.59	0	100	0
		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
	(6)	TRANSPORT PLAN B.V.	Specialist Financing	FULL	52.59	0	100	0
		TYNEVOR B.V.	Financial Company	FULL	100	100	100	100
Peru								
		ALD AUTOMOTIVE PERU SAC.	Specialist Financing	FULL	52.59	75.94	100	100
Poland								
		ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	FLEET ACCIDENT MANAGEMENT SERVICES SP Z O.O.	Broker	FULL	52.59	0	100	0
	(6)	LEASEPLAN FLEET MANAGEMENT (POLSKA) SP Z O.O.	Specialist Financing	FULL	52.59	0	100	0
		SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
	(1)	SOCIETE GENERALE SA 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								
	(6)	FLEET COVER-SOCIEDADE MEDIACAO DE SEGUROS, LDA.	Broker	FULL	52.59	0	100	0
	(6)	LEASEPLAN PORTUGAL COMERCIO E ALUGUER DE AUTOMÓVEIS E EQUIPAMENTOS UNIPESSOAL LDA.	Specialist Financing	FULL	52.59	0	100	0
	(4)	SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA	Specialist Financing	FULL	0	75.94	0	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Czech Republic								
		ALD AUTOMOTIVE S.R.O.	Specialist Financing	FULL	52.59	75.94	100	100
		ESSOX SRO	Specialist Financing	FULL	80	80	100	100
		FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
		KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
		KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		KB SMARTSOLUTIONS, S.R.O.	Bank	FULL	60.73	60.73	100	100
		KOMERCNI BANKA A.S.	Bank	FULL	60.73	60.73	60.73	60.73
		KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100	100
		MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100
		PROTOS	Financial Company	FULL	60.73	60.73	100	100
		SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100	100
		SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
		SOGEPROM MICHLE S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
		STD2, S.R.O.	Group Real Estate Management Company	FULL	60.73	60.73	100	100
		VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
		WORLDLINE CZECH REPUBLIC S.R.O.	Services	ESI	0.61	0.06	40	40
Romania								
	(6)	ACCIDENT MANAGEMENT SERVICES S.R.L.	Specialist Financing	FULL	52.59	0	100	0
		ALD AUTOMOTIVE SRL	Specialist Financing	FULL	52.59	72.79	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	60.17	100	100
		BRD FINANCE IFN SA	Financial Company	FULL	80.48	80.48	100	100
		BRD SOGELEASE IFN SA	Portfolio Management	FULL	60.17	60.17	100	100
	(6)	LEASEPLAN ROMANIA S.R.L.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN SERVICE CENTER S.R.L.	Specialist Financing	FULL	52.59	0	100	0
		S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75	75	75	75
		SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA	Services	FULL	100	100	100	100
		SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(1)	SOGESSUR S.A PARIS – SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
United Kingdom								
		ACR	Financial Company	FULL	100	100	100	100
		ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
		ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	AUTOMOTIVE LEASING LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
	(6)	BUMPER UK 2019-1 FINANCE PLC	Financial Company	FULL	52.59	0	100	0
	(6)	BUMPER UK 2021-1 FINANCE PLC	Financial Company	FULL	52.59	0	100	0
	(1) (6)	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS UK	Specialist Financing	FULL	99.89	0	100	0
	(6)	DIAL CONTRACTS LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	DIAL VEHICLE MANAGEMENT SERVICES LTD	Specialist Financing	FULL	52.38	0	99.6	0
		FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
		FORD FLEET MANAGEMENT UK LIMITED	Specialist Financing	FULL	26.35	38.05	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
	(6)	INTERNAL FLEET PURCHASING LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	INULA HOLDING UK LIMITED	Specialist Financing	FULL	52.59	0	100	0
		JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
		KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
		KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
		KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
		LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
	(6)	LEASEPLAN UK LIMITED	Specialist Financing	FULL	52.59	0	100	0
	(6)	PAYXPERT SERVICES LTD	Financial Company	FULL	60	0	60	0
		RED & BLACK AUTO LEASE UK 1 PLC	Financial Company	FULL	52.59	75.94	100	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 TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
United Kingdom		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	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
		SG KLEINWORT HAMBROS NOMINEES LIMITED (ex-SG HAMBROS (LONDON) NOMINEES LIMITED)	Financial Company	FULL	100	100	100	100
		SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Specialist Financing	FULL	100	100	100	100
		SG LEASING (ASSETS) 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 IX	Specialist Financing	FULL	100	100	100	100
	(1)	SG LONDRES	Bank	FULL	100	100	100	100
		SG TITANIUM LIMITED (ex-SG LEASING (CENTRAL 3) LIMITED)	Specialist Financing	FULL	100	100	100	100
		SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
		SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100
		SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
		SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Company	FULL	100	100	100	100
		STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation								
	(4)	ALD AUTOMOTIVE OOO	Specialist Financing	ESI	0	75.94	0	100
	(6)	LEASEPLAN RUS LLC	Specialist Financing	FULL	52.59	0	100	0
Senegal								
		SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia								
		ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	52.59	75.94	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

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Slovakia								
		ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	52.59	75.94	100	100
		ESSOX FINANCE S.R.O.	Specialist Financing	FULL	80	80	100	100
	(6)	INSURANCEPLAN S.R.O.	Specialist Financing	FULL	52.59	0	100	0
	(1)	KOMERCNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
	(6)	LEASEPLAN SLOVAKIA S.R.O.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia								
		ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	52.59	75.94	100	100
Sweden								
		ALD AUTOMOTIVE AB	Specialist Financing	FULL	52.59	75.94	100	100
	(6)	CLAIMS MANAGEMENT SVERIGE AB	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN SVERIGE AB	Specialist Financing	FULL	52.59	0	100	0
		NF FLEET AB	Specialist Financing	FULL	42.07	60.75	80	80
	(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland								
		ALD AUTOMOTIVE AG	Specialist Financing	FULL	52.59	75.94	100	100
	(6) (8)	ALL-IN A.G.	Specialist Financing	FULL	52.59	0	100	0
	(6)	LEASEPLAN (SCHWEIZ) A.G.	Specialist Financing	FULL	52.59	0	100	0
		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) SA	Bank	FULL	100	100	100	100
Taiwan								
	(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
	(1)	SG TAIPEI	Bank	FULL	100	100	100	100
Chad								
		SOCIETE GENERALE TCHAD	Bank	FULL	56.91	56.91	67.92	67.92
Thailand								
		SOCIETE GENERALE (THAILAND) LIMITED (ex-SOCIETE GENERALE SECURITIES (THAILAND) LTD.)	Broker	FULL	100	100	100	100
Togo								
	(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	93.43	100	100

Country			Activity	Method*	Group ownership interest		Group voting interest	
					As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
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	52.59	75.94	100	100
	(6)	LEASEPLAN OTOMOTIV SERVIS VE TICARET A.S.	Specialist Financing	FULL	52.59	0	100	0
	(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine								
		ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	52.59	75.94	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.*
(4) *Entities sold.*
(5) *Merged.*
(6) *Newly consolidated.*

Additionnal information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the Autorité des Normes Comptables (ANC, the French Accounting standard setter), dated 2 December 2016 is available on Societe Generale Group website at: *https://investors.societegenerale.com/en/publications-documents*.

NOTE 8.5 Fees paid to Statutory Auditors

The consolidated financial statements of the Societe Generale Group are jointly certified by Ernst & Young et Autres, represented by Micha Missakian and Vincent Roty, on the one hand, and Deloitte et Associés, represented by Jean-Marc Mickeler and Maud Monin, on the other.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee (CACI) of Societe Generale, the General Meeting of 23 May 2018 renewed the mandates of Ernst & Young et Autres and Deloitte et Associés for a period of six years. Their terms of office will expire at the General Meeting approving the 2023 financial statements.

In accordance with European audit regulations, the CACI implements a specific policy for the approval of services other than the certification of accounts (SACC) provided by the Statutory Auditors and their networks in order to verify the compliance of the mission with these regulations prior to the launch of the mission.

A summary of the SACCs (approved or rejected) is presented at each meeting of the CACI.

Lastly, the Finance Departments of the entities or business lines make annual decisions on the quality of the audits of Deloitte et Associés and Ernst & Young et Autres. The findings of this investigation are also presented to the CACI.

The table below presents the fees invoiced by Ernst & Young et Autres, on the one hand, and Deloitte et Associés on the other hand, as well as by their respective networks, to Societe Generale S.A. and its subsidiaries.

		Ernst & Young et Autres		Deloitte et Associés		Total	
(In EURm excluded VAT)		2023	2022 R	2023	2022 R	2023	2022 R
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	5	4	4	4	9	8
	Fully consolidated subsidiaries	15	15	16	16	31	31
SUB-TOTAL AUDIT		**20**	**19**	**20**	**20**	**40**	**39**
Non-audit services (SACC)	Issuer	1	1	1	1	2	2
	Fully consolidated subsidiaries	1	2	3	2	4	4
TOTAL		**22**	**22**	**24**	**23**	**46**	**45**

Services other than the certification of accounts mainly consist of missions to review compliance with regulatory requirements, internal control reviews in the context of compliance with ISAE (International Standard on Assurance Engagements) standards and extended audit procedures (agreed procedures). They also include services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.3 million.

NOTE 9 INFORMATION ON RISKS AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to Societe Generale. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by the Bank, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale will be in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of Societe Generale struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the London Court of Appeal discharged entirely the inquiry into damages granted by the London High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas, which has therefore become definitive. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision. On 1 February 2023, the Paris Court of Appeals confirmed this decision. Societe Generale filed an appeal before the Supreme Court against this decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the Banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the *Banque de France*) a total of approximately EUR 385 million of penalties. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The Supreme Court dismissed this appeal by a decision of 28 June 2023, putting a definitive end to this litigation.
- On 3 January 2023, Societe Generale Private Banking (Switzerland) ("SGPBS") entered into an agreement to settle litigation in the United States stemming from the Ponzi scheme of Robert Allen Stanford and his affiliates. On 21 February 2023, the US Receiver and the Official Stanford Investors Committee ("OSIC") filed a motion in US District Court for the Northern District of Texas seeking approval of the settlement. The settlement provides for the payment by SGPBS of USD 157 million in exchange for the release of all claims. During the 7 June 2023 hearing, the Court granted the US Receiver's motion to approve the settlement. This order is now subject to an appeal. The settlement amount that SGPBS must pay is fully covered by reserves in the accounts of Societe Generale SA following a financial guarantee provided by Societe Generale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in the first quarter of 2023 with the US Receiver and OSIC resolving their claims. These settlements were reached in advance of a jury trial that had been scheduled to start on 27 February 2023 (which ultimately did not take place).

In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of Stanford International Bank Limited ("SIBL"), appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS was served with the statement of claim on 20 June 2023 and will defend itself against the claims in this proceeding.

- 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") and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4 of the present Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the U.S. Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. The stayed putative class actions were voluntarily dismissed by plaintiffs on 10 August 2022 and 26 October 2023. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions) which included the stayed individual action referred to above, were voluntarily dismissed with prejudice. On 12 May 2023, Societe Generale and two other financial institutions entered into a settlement agreement to resolve the OTC class action for a combined USD 90 million. Societe Generale's portion of this settlement was fully covered by reserves. On 17 October 2023, the District Court granted final settlement approval.

  As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain federal antitrust and New York state law claims against Societe Generale. On 16 February 2024, plaintiffs and Societe Generale entered into a settlement agreement, which is covered by reserves. The settlement received preliminary approval from the Court on 20 February 2024. Discovery in that action is ongoing. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims. On 2 October 2023, the U.S. Supreme Court denied a petition filed by plaintiff that sought review of the Second Circuit's ruling. As a result, the action is now concluded.

  As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement. On 31 October 2023, the District Court granted final settlement approval. As a result, this action is now concluded.

  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.

- 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 Commodities Exchange Act (CEA) in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against Societe Generale, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020.

  On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action was subsequently transferred to the Competition Appeal Tribunal. By orders dated 17 May 2023 and 23 May 2023 respectively, the US and UK actions were dismissed. These actions are now concluded.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now Engie) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

- Several French companies applied to the European Commission, which considered that the decisions handed down by the *Conseil d'État* on 10 December 2012, which were supposed to implement the decision rendered by the European Union Court of Justice (EUCJ) on 15 September 2011, breached 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 referring the matter to the EUCJ on 8 December 2016. The EUCJ rendered its judgement on 4 October 2018 and sentenced France on the basis that the *Conseil d'État* disregarded the tax on EU sub-subsidiaries in order to secure the *précompte* paid erroneously and failed to raise a preliminary question before the EUCJ. 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. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Engie on our 2002 and 2003 Suez claims, and ordered a financial enforcement in our favour. The Court held that the advance payment (*précompte*) did not comply with the Parent-Subsidiary Directive. Further to proceedings brought before the *Conseil d'État*, the latter ruled that a question should be raised before the EUCJ in order to obtain a preliminary ruling on this issue. The EUCJ has confirmed on 12 May 2022 that the *précompte* did not comply with the Parent-Subsidiary Directive. The *Conseil d'État*, by an Engie judgment of 30 June 2023 took note of this incompatibility and confirmed the decision held by the Administrative Court of Appeal of Versailles with respect to the 2002 year, but referred the examination of the 2003 year to this same Court, which confirmed on 9 January 2024 the partial relief granted by the administration in the course of the proceedings. In parallel, a compensation litigation in relation to the Rhodia claim and the Suez claims (between 1999 and 2001) was brought in March 2023 before the European Commission and the Paris Administrative Court of Appeal, further to the negative judgements issued by the *Conseil d'État* in 2012 (Rhodia) and 2016 (Suez).
- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
- Since August 2015, various former and current employees of the Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate *inter alia* to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

Societe Generale Group entities may also be exposed to claims by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the Societe Generale entities. The Societe Generale entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022. Discovery is proceeding.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale.

Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss. By order entered 30 March 2023, the court granted Societe Generale's motion to dismiss. Plaintiffs have appealed.

- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023. Plaintiffs have appealed.

  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 case was stayed pending developments in Pujol I. At the parties' request, following dismissal of Pujol I, the court lifted the stay on Pujol II and entered an order dismissing the case for the same reasons it dismissed Pujol I. Plaintiff has appealed.

- 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. The reserve in this matter in Societe Generale SA's accounts takes into consideration the increase in the number of court cases regarding the loans subject of the sale and the substance of the decisions handed down by Polish courts.

- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing activities as well as equity and index derivatives activities. The 2017, 2018, 2019 and 2020 audited years are subject to notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group. Given the significance of the matter, on 30 March 2023, the French Banking Federation has brought proceedings against the tax administration's doctrine. In this respect, on 8 December 2023, the French *Conseil d'État* ruled that the tax authorities may not extend the dividend withholding tax beyond its statutory scope, except if taxpayers engaged in an abusive behavior (*abus de droit*), thereby characterising the tax administration's position based on the concept of beneficial owner as illegal. In addition, further to raids conducted by the "*parquet national financier*" at the end of March 2023 at the premises of five banks in Paris, among which Societe Generale, the latter has been informed that it was subject to a preliminary investigation pertaining to the same issue. Societe Generale is defending the action.

- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale SA and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 19 December 2022. A case management conference ("CMC") was held on 26 September 2023, in the course of which the court set the procedural timetable. As of the date of this update, the Parties' disclosures are due by the end of April 2024 and the trial (if any) is expected to take place in June 2025.

- SG Americas Securities, LLC ("SGAS") received a request for information in December 2022 from the US Securities and Exchange Commission ("SEC") focused on compliance with record-keeping requirements in connection with business-related communications on messaging platforms that were not approved by the firm. On 28 March 2023, SGAS and Societe Generale received a similar request from the US Commodity Futures Trading Commission ("CFTC"). These inquiries follow a number of regulatory settlements in 2022 with other firms covering similar matters. SGAS reached a settlement with the SEC, announced on 8 August 2023, and agreed to pay a penalty of USD 35 million, take certain remedial actions, and engage an independent compliance consultant. Societe Generale and SGAS reached a settlement with the CFTC, also announced on 8 August 2023, and agreed to pay a penalty of USD 75 million and take certain remedial actions.

NOTE 10 RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

Note 10 of published financial statements	Chapter 4 of URD *(the audited parts of Note 10 are indicated as "Audited" in Chapter 4)*	Page numbers – Chapter 4
10.1 Risk management	Part 4.2.3 Risk management organisation	211
10.2 Capital management and adequacy	Part 4.4 Capital management and adequacy	225
10.3 Credit risk	Part 4.5 Credit risk	236
10.4 Counterparty credit risk	Part 4.6 Counterparty credit risk	257
10.5 Market risk	Part 4.7 Market risk	265
10.6 Structural interest rate and exchange rate risks	Part 4.8 Structural risks – Interest rate and exchange rate risks	277
10.7 Liquidity risk	Part 4.9 Structural risk – Liquidity risk	

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Société Générale Group presented in the management report.

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

Year ended December 31, 2023

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Société Générale Group for the year then ended and of its financial position and of its assets and liabilities as at December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

Basis for opinion

AUDIT FRAMEWORK

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

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

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for statutory auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

EMPHASIS OF MATTER

Without qualifying the above opinion, we draw your attention to paragraph 4 of Notes 1 "Main valuation and presentation rules for the consolidated financial statements" and 4.3 "Insurance activities" to the consolidated financial statements, which outline the impacts relating to the first-time application of IFRS 17 "Insurance contracts" and IFRS 9 "Financial instruments" by insurance sector subsidiaries.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

Risk identified	Our response
Customer loans and receivables carry a credit risk which exposes your Group to a potential loss if its client or counterparty is unable to meet its financial commitments. Your Group recognizes impairment to cover this risk. Such impairment is calculated according to IFRS 9, "Financial instruments" and the expected credit loss principle. The assessment of expected credit losses for customer loan portfolios requires the exercise of judgment by Management, particularly in the uncertain context due to the geopolitical and economic situation, notably to: ■ prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement; ■ determine the loan classification criteria under stages 1, 2 or 3, taking account of the material increase in credit risk at loan portfolio level and the impact of measures to support the economy; ■ estimate the amount of expected credit losses depending on the different stages; ■ determine the adjustments to models and parameters, as well as the sector adjustments considered necessary to reflect the impact of economic scenarios on expected credit losses and anticipate the default or recovery cycle for certain sectors. The information concerning in particular the procedures used to estimate and recognize expected credit losses are mainly described in Notes 3.5 "Loans, receivables and securities at amortized cost" and 3.8 "Impairment and provisions" to the consolidated financial statements. As at December 31, 2023, total customer loan outstandings exposed to credit risk totaled M€ 485,449; impairment totaled M€ 10,070. We consider the assessment of the impairment of customer loans to be a key audit matter as they require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographic areas most affected by the crisis.	Our work focused on the most significant loans and customer loan portfolios, as well as the most vulnerable economic sectors and geographical areas, in particular, loans linked to Russia and sectors weakened by inflation and rising interest rates. After including credit risk modeling specialists in our audit team, our audit work notably consisted in: ■ obtaining an understanding of your Group's governance and internal control system relating to credit risk assessment and the measurement of expected losses, and testing key manual and IT controls; ■ examining the compliance of policies implemented by the Group and the methodologies broken down in the different business units with IFRS 9 "Financial instruments"; ■ assessing, with the help of economists from our firms, the relevance of the macro-economic projections and the scenario weightings applied by your Group; ■ examining the main parameters adopted by your Group to classify the loans and assess impairment in stages 1, 2 and 3 as at December 31, 2023; ■ assessing the ability of adjustments to models and parameters, as well as sector adjustments to provide adequate coverage of the level of credit risk in the context of the economic crisis; ■ assessing, using data analysis tools, the valuation of expected credit losses for a sample of stage 1 and 2 loan portfolios; ■ testing for a selection of the most significant loans to corporate clients, the main criteria used to classify loans in stage 3, as well as the assumptions underlying the estimation of the related individual impairment. We also analyzed the disclosures in Notes 1.5 "Use of estimates and judgment", 3.5 "Loans, receivables and securities at amortized cost", 3.8 "Impairment and provisions" and 10.3 "Credit and counterparty risk" to the consolidated financial statements relating to credit risk and, in particular, the information required by IFRS 7, Financial instruments: Disclosures, on credit risk.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE

Risk identified	Our response
As at December 31, 2023, deferred tax assets on loss carryforwards were recorded in the amount of M€ 1,832, including M€ 1,572 for the tax group in France. As stated in Note 6 "Income taxes" to the consolidated financial statements, your Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2023, this timeframe is eight years for the tax group in France. In addition, as stated in Notes 6 "Income taxes" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question. Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France, notably on future taxable profits, and of the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.	Our audit approach consisted in assessing the probability that your Group will be able to use in the future its tax loss carryforwards generated to date, in particular with regard to its ability to generate future taxable profits in France. After including tax experts in our audit team, our work notably consisted in: ■ comparing the projected results of the previous years with the actual results of the corresponding fiscal years, to assess the reliability of the tax business plan preparation process; ■ obtaining an understanding of the 2024 budget drawn up by Management and approved by the Board of Directors, as well as of the assumptions underlying projections for the 2024-2027 period, which take into account the expected impacts of operations known at the closing; ■ assessing the relevance of tax profit extrapolation methods after the 2024-2027 period; ■ reviewing the assumptions underlying sensitivity tests in the event of adverse scenarios defined by your Group; ■ analyzing the sensitivity of the tax loss recovery period under a range of assumptions determined by us; ■ analyzing the situation of your Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities. We have also examined the information provided by your Group concerning deferred tax assets disclosed in Notes 1.5 "Use of estimates and judgment", 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements.

PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

Risk identified

To manage the interest rate risk generated by its retail banking activities in France in particular, your Group manages a portfolio of internal derivatives classified as hedges.

These internal transactions are classified as portfolio-based interest rate risk fair value hedging transactions ("macro-hedging") in accordance with IAS 39 as adopted in the European Union, as presented in Note 3.2 "Financial derivatives" to the consolidated financial statements.

Hedge accounting is only possible if certain criteria are met, in particular:

- designation and documentation at inception of the hedging relationship;
- eligibility of hedging and hedged instruments;
- demonstration of the hedge effectiveness;
- measurement of effectiveness;
- demonstration of the reversal of internal transactions at Group level.

The "macro-hedge" accounting of retail banking transactions in France requires Management to exercise judgment regarding in particular:

- the identification of eligible hedging and hedged items;
- determining the criteria adopted to schedule the outstandings' maturities by including behavioral criteria;
- the conduct of tests on over-hedging, the disappearance of hedged items, efficiency and the external reversal of hedging transactions entered into with internal Group counterparties.

As at December 31, 2023, the amount of hedged portfolio remeasurement differences was -M€ 443 in assets and -M€ 5,857 in liabilities. The fair value of the corresponding financial instruments is included under "Hedging derivative instruments" in assets and liabilities.

Given the documentation requirements for "macro-hedging" relationships, the volume of hedging derivative transactions and the use of Management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings ("macro-hedging") consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by Management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

After including financial modeiling experts in our audit team, our work mainly consisted in:

- familiarizing ourselves with the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Société Générale Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- assessing the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- analyzing the market reversal system for hedges entered into with internal Group counterparties and the related documentation, and conducting tests on the matching of internal and external transactions;
- analyzing the results of tests on over-hedging, the disappearance of hedged items, efficiency and reversal required by applicable accounting standards.

We also assessed the information disclosed in Notes 1.5 "Use of estimates and judgment", 3.2 "Derivative financial instruments" and 3.4 "Fair value of financial instruments measured at fair value" and 10.5 "Structural interest rate and currency risks" to the consolidated financial statements and their compliance with IFRS 7 "Financial instruments: Disclosures" with regard to hedge accounting.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
Within the scope of its market activities, your Group holds financial instruments for trading purposes. As at December 31, 2023, a total amount of M€ 305,200 is recognized in fair value levels 2 and 3 in assets and M€ 365,519 in liabilities on the Société Générale consolidated balance sheet, i.e. 51% and 93%, respectively, of financial assets and liabilities measured at fair value. To determine the fair value of complex instruments, your Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin for transactions in the income statement, as stated in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. If necessary, these valuations include additional reserves or value adjustments. The models and data used to value these instruments, and their classification under the fair value hierarchy, may be based for example on management's judgments and estimates, in the absence of available market data or a market valuation model. Given the complexity of the modeling in determining the fair value, the multiplicity of models used, and the use of Management's judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.	Our audit approach was based on a mixed approach using both tests on internal control processes relating to the valuation of complex financial instruments and substantive procedures. After including financial instrument valuation specialists in our audit team, our procedures consisted in: ▪ obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems; ▪ reviewing the governance of value adjustments and reserves; ▪ analyzing the valuation methodologies for certain categories of complex instruments and the related reserves or value adjustments; ▪ testing the key controls relating to the independent verification of the valuation parameters, and evaluating the reliability of the market parameters used to provide input for the valuation models with reference to external data; ▪ as regards the process used to explain the changes in fair value, obtaining an understanding of the bank's analysis principles and performing tests of controls on a sample basis; ▪ performing "analytical" IT procedures on the control data relating to certain activities; ▪ obtaining the quarterly results of the model independent validation process; ▪ obtaining the quarterly results of the valuation adjustment process based on external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues; ▪ performing counter-valuations of a selection of complex derivative financial instruments using our tools; ▪ analyzing the observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and comparing the methods adopted by your Group to recognize these margins over time with the information presented in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. We also analyzed the compliance of the methods underlying the estimates with the principles described in Note 3.4 " Fair value of financial instruments measured at fair value " to the financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified	Our response
The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements. This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from: ■ changes made to management and financial information by unauthorized persons via the information systems or underlying databases; ■ a failure in processing or in the transfer of data between systems; ■ a service interruption or an operating incident which may or may not be related to internal or external fraud. Furthermore, in a context of widespread home working, your Group is exposed to risks, relating to the opening up of information systems to allow remote access to transaction processing applications. To ensure the reliability of the accounts, it is therefore essential for your Group to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.	Our audit approach for this activity is based on the controls related to the management of the information systems set up by your Group. With the support of information system specialists included in the audit team, we tested the IT general controls of the applications that we considered to be key for this activity. Our work mainly consisted in assessing: ■ the controls set up by your Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended audit procedures in the event of ineffective control identified during the financial year; ■ potential privileged access to applications and infrastructure; ■ the management of changes made to applications, and more specifically the separation between development and business environments; ■ security policies in general and their deployment in IT applications (for example, those related to passwords); ■ the handling of IT incidents during the audit period; ■ governance and the control environment on a sample of applications. For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analytics procedures on certain IT applications. We also evaluated the governance implemented by your Group to ensure the resilience of information systems faced with cyber risks. Our procedures consisted in discussions with the Société Générale Group's security teams and obtaining an understanding of the reports prepared by the cybersecurity committee meetings as well as any incidents during the year.

ASSESSMENT OF THE LEGAL AND TAX RISK RELATING TO REGULATORY OR ARBITRATION PROCEEDINGS INVOLVING THE GROUP

Risk identified	Our response
Your Group is a party to a number of legal or tax disputes and proceedings as indicated in Note 8.2.2 "Other provisions". Other provisions amounted to M€ 1,222 at December 31, 2023 and include provisions for litigation. As indicated in Note 9 "Information on risks and disputes" to the consolidated financial statements, the situation and development of the various legal or administrative disputes and proceedings in progress are analyzed on a quarterly basis to assess the need to record provisions or adjust the amount of raised provisions. Given the complexity of certain proceedings and the significant amount of management judgment in assessing the risks and financial repercussions for your Group, we consider the accounting treatment of disputes to be a key audit matter.	After including tax experts in our audit team, our procedures consisted in: ■ obtaining an understanding of the litigation provision assessment process set up by your Group to assess litigation provisions; ■ conducting interviews with your Group's legal and tax departments and the functions affected by the ongoing proceedings to monitor the development of the main legal proceedings and ongoing investigations by legal and tax authorities and regulators; ■ obtaining and analyzing available documentation such as: management's position and the memos of the Group's legal and tax advisors; ■ requesting confirmation from the lawyers in charge of the most significant proceedings; ■ assessing the reasonableness of the assumptions used to determine the need for and the amount of provisions raised, in particular on the basis of information gathered from your Group's external advisers involved in the relevant cases; ■ assessing the suitability of the information provided in the notes to the consolidated financial statements.

REASSESSMENT OF THE RESIDUAL VALUES OF VEHICLES LEASED BY YOUR GROUP

Risk identified	Our response
Long-term rental fleet vehicles are depreciated on a straight-line basis as described in the "Operating lease assets" paragraph of Note 8.3 "Property, plant and equipment and intangible assets" to the consolidated financial statements. The depreciation period used is the lease term; the residual value corresponds to the estimated resale value of the vehicles on expiry of the lease. These residual values are determined for each vehicle at the beginning of the lease and are reviewed at least once annually. The methods of calculating these residual values are determined by the group. The calculations are based on statistical data and are frequently reviewed to take into account changes in the market prices of used vehicles. The residual value that is re-estimated during the fleet revaluation process may differ from the initial residual value. The difference, if any, represents a change in estimate and is amortized on a straight-line basis over the remaining lease term. As of December 31, 2023, the total amount of depreciation determined for the fleet amounted to M€ 16,985, see table in Note 8.3 "Property, plant and equipment and intangible assets". We consider the estimation of vehicle residual values to be a key audit matter since ■ it results from a complex statistical approach; ■ it incorporates assumptions and requires management judgment, particularly in the current context of the used vehicle market and uncertainties relating to the price of used electric vehicles, which represent a growing percentage of the fleet.	In response to this risk, we reviewed the residual value revaluation process set up by your Group. We analyzed the effectiveness of the key controls implemented by local and head office management, including those relating to the determination of assumptions and parameters that were used for this reassessment. By integrating IT system experts into the team, we tested the general IT controls of the applications used in the fleet reassessment process. Our work also consisted in: ■ assessing the relevance of the statistical model adopted as well as the main parameters and assumptions used at the end of December 2023; ■ conducting tests to ensure that data from the fleet management systems were correctly entered into the residual value calculation tool and testing key data security controls; ■ comparing the data from the calculations with the amounts recorded in the accounts; ■ checking, on a sampling basis, the accounting translation of changes in the estimation of residual values; ■ checking that the estimates selected were based on documented methods that comply with the principles described in the notes to the consolidated financial statements.

MEASUREMENT OF THE IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 17 "INSURANCE CONTRACTS" ON OPENING BALANCES AND TECHNICAL PROVISIONS FOR RETIREMENT SAVINGS INSURANCE CONTRACTS

Risk identified

The adoption of IFRS 17 "Insurance contracts" from January 1, 2023 gave rise to major changes in accounting policies and measurement rules for insurance contracts as well as financial statement presentation. It was adopted retrospectively as of January 1, 2022 for insurance contracts in effect on the transition date.

Note 1.4 to the consolidated financial statements presents in particular the required qualitative and quantitative information regarding the impact of IFRS 17 as well as the main accounting method choices applied to the transition. According to this note, the adoption of this new accounting standard increased consolidated equity by M€ 46 as of January 1, 2022 and generated an opening margin for contractual services in the pre-tax gross amount of M€ 8,386 as well as an adjustment for non-financial risks in the pre-tax gross amount of M€ 3,165.

Furthermore, as shown in table 4.3.F of Note 4.3 "Insurance activities" to the consolidated financial statements, your Group recognized as of December 31, 2023 liabilities relating to direct participating insurance contracts for M€ 138,976.

The application of IFRS 17 resulted in estimates requiring greater management judgment in choosing appropriate accounting and actuarial methods and determining key assumptions and criteria to reflect the most probable estimated future situation.

- On the transition date, this involved determining the transition approach applicable for each group of insurance contracts and the simplifying methodologies and assumptions used to calculate the opening margin for contractual services. In particular, its amount was mostly estimated using the modified retrospective approach for Savings and Retirement contracts, and on a case-by-case basis according to a full or modified retrospective approach for the scope of retirement benefits
- At the year-end, Savings and Retirement insurance contracts were measured using the Variable Fee Approach. As stated in Note 4.3 "Insurance activities" to the consolidated financial statements, this measurement accounting model draws on the following principles:
  - The best estimate of the discounted cash flows relating to the execution of contractual obligations for insured individuals determined using complex actuarial models involving data and assumptions relating to future periods, such as the determination of the discount rate, laws on the behavior of insured individuals and the future management decisions which may significantly affect the amount and schedule of future cash flows,
  - An adjustment for non-financial risks, intended to cover the uncertainty surrounding the amount and schedule of future cash flows as and when insurance contracts are fulfilled and whose level was estimated according to a level of confidence adopted by your Group taking into account risk diversification,
  - A contractual services margin representing the non-vested income that will be recognized as and when services are rendered and whose release to insurance revenue takes into account the difference between the actual return from underlying investments and the actuarial projection as a neutral risk.

The materiality of the changes in the measurement and recognition of insurance contract liabilities, the choice of accounting methods, the materiality of management's judgment to determine certain key valuation assumptions as well as the use of complex modeling techniques for retirement savings insurance contracts to assess the most probable estimated future situation led us to consider the impact of the first-time application of IFRS 17 on retirement savings insurance contract opening balances and liabilities to be a key audit matter.

Our response

After including actuarial modeling specialists in our audit team, we conducted the following audit procedures:

- Obtaining an understanding of the procedure deployed by your Group to implement IFRS 17, particularly the processes defined by management to determine the impact of the adoption of IFRS 17 on the consolidated accounts as of January 1, 2022 as well as on the comparative financial statements for the year ended December 31, 2022;
- Measuring compliance with IFRS 17 for the first-time application of the actuarial principles and methodologies adopted for the opening balance sheet;
- Assessing the criteria and assumptions used in the transition methods applied to calculate the contractual services margin;
- Assessing the key methodologies and judgments used to define actuarial valuation models (mainly including those relating to the determination of the contractual services margin, the adjustment for non-financial risks and the key discount rate criteria adopted by management) with regard to IFRS 17;
- Performing tests, based on surveys and our risk assessment, on the key modeling data, assumptions and criteria and the adjustments made and used in calculating the opening balances and the comparative financial statements;
- Assessing the eligibility of "Retirement Savings" insurance contracts with the "variable fee" model and assessing the proper application by management of these Retirement Savings insurance contract valuation methods in accordance with IFRS 17;
- Performing work on the internal control environment of the information systems used to calculate the insurance assets and liabilities of the"Retirement Savings" activity;
- Assessing the new model governance process and testing the key controls in place;
- Testing, on a sampling basis, the main assumptions, data and criteria used to calculate the insurance assets and liabilities of the Retirement Savings activity and assessing the reasonableness of such estimates;
- Assessing the appropriateness of the disclosure in the notes to the consolidated financial statements relating to the transition to the new IFRS 17.

Specific verifications

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

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

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in Société Générale Group management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by the Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for Ernst & Young et Autres.

As at December 31, 2023, Deloitte & Associés and Ernst & Young et Autres were in their twenty-first and twelfth year of total uninterrupted engagement, respectively.

Previously, Ernst & Young Audit was the statutory auditor of Société Générale from 2000 to 2011.

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

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

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

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

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

OBJECTIVE AND AUDIT APPROACH

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

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Société Générale Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit to the Audit and Internal Control Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 11, 2024

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Jean-Marc Mickeler	Maud Monin	Micha Missakian	Vincent Roty

6.4 SOCIETE GENERALE MANAGEMENT REPORT

BALANCE SHEET ANALYSIS

(In EURbn at 31 December)	31.12.2023	31.12.2022	Change
Interbank and money market assets	288	267	21
Customer loans	373	363	10
Securities transactions	565	508	57
o.w. securities purchased under repurchase agreements	*279*	*248*	*31*
Other assets	159	189	(30)
o.w. option premiums	*56*	*69*	*(13)*
Tangible and intangible assets	4	3	1
TOTAL ASSETS	**1,389**	**1,330**	**59**

(In EURbn at 31 December)	31.12.2023	31.12.2022	Change
Interbank and cash liabilities(1)	372	363	9
Customer deposits	470	434	37
Bonds and subordinated debt(2)	27	30	(4)
Securities transactions	330	295	35
o.w. securities sold under repurchase agreements	*246*	*219*	*27*
Other liabilities and provisions	153	172	(19)
o.w. option premiums	*65*	*76*	*(11)*
Shareholders' equity	37	36	1
TOTAL LIABILITIES	**1,389**	**1,330**	**59**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

Prevailing uncertainty over inflation and monetary tightening exacerbated fears that developed economies would enter recession in 2023. However, the global economy proved resilient as energy and food prices normalised, supply chain pressures faded and household consumption held up. The US economy showed surprising vigour, beating expectations by recording 2.5% annual growth in 2023. The eurozone managed to dodge recession, but the economy put up a lacklustre performance with growth stagnating from the start of the year.

Central banks supported the economy and pursued their inflation-fighting policies. Both the Fed and the ECB lifted their key rates over the first three quarters. As inflation fell faster than expected in the fourth quarter, central banks held rates steady with no new rate hikes announced.

Societe Generale posted a solid performance and kept a tight rein on costs, risk and capital in a complex geopolitical and economic environment dogged by uncertainty.

At 31 December 2023, the balance sheet total stood at EUR 1,389 billion, up EUR 59 billion from the position at 31 December 2022.

The positive EUR 21.3 billion change in the Interbank and money market assets line was due in large part to the increase in central bank receivables for EUR 31.9 billion, of which EUR 30 billion from the French Central Bank (*Banque de France*) to meet regulatory requirements. Amounts due from banks declined to the tune of EUR 10.7 billion and were predominantly directed to Group subsidiaries.

Interbank and cash liabilities increased EUR 9.1 billion, driven in the main by higher issuance of euro medium-term notes (EMTN) debt securities for EUR 18.5 billion and lower borrowings from the *Banque de France*, in essence to repay a drawdown from the ECB's TLTRO support programme as a result of the central bank's key rate increases in 2023.

Loans to customers rose by EUR 10.1 billion. Stripping out the effect of the merger with Crédit du Nord, current accounts and cash credits fell. Mortgage loans were down EUR 8.8 billion on fewer loan approvals and an additional securitisation transaction for EUR 3.3 billion.

Client deposits increased by EUR 36.6 billion. Excluding the impact of the merger with Crédit du Nord, ordinary accounts payable declined by EUR 30.2 billion as clients switched their deposits to interest-bearing accounts. By contrast, term deposit accounts and regulated savings accounts increased by EUR 18.1 billion.

When rates are trending higher, securitised money market transactions offer more attractive liquidity conditions. Accordingly, securities purchased and sold under repurchase agreements rose by EUR 31 billion and EUR 26.8 billion, respectively. Other amounts due for securities increased EUR 18.9 billion. After their worst-ever year in 2022, bond markets rallied in 2023 to deliver sustained growth. Bonds and treasuries were up EUR 30.3 billion. By contrast, equity securities transactions contracted by EUR 3.6 billion and amounts payable for borrowed securities fell by EUR 10.6 million.

The decline in other bank assets, which are inherently volatile, on both the assets and liabilities side, stemmed from the valuation of derivatives and the fall in guarantee deposits paid and received on market transactions.

Societe Generale has a diversified range of funding sources and channels including:

- stable resources consisting of equity and subordinated debt (EUR 64 billion);
- customer deposits, up EUR 37 billion, which make up a significant share (34%) of total balance sheet resources;
- resources (EUR 222 billion) in the form of interbank deposits and borrowings;
- capital raised on the market through a proactive diversification policy, making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificates of Deposit), currencies and investor pools (EUR 141 billion);
- resources from securities sold under repurchase agreements to customers and banks (EUR 246 billion), which rose *vs.* 2022.

INCOME STATEMENT ANALYSIS

	2023			2022			Changes 2023-2022 *(%)*		
(In EURm)	France	Outside France	Societe Generale	France	Outside France	Societe Generale	France	Outside France	Societe Generale
Net banking income	**9,523**	**2,869**	**12,392**	**9,678**	**3,068**	**12,746**	**(2)**	**(6)**	**(3)**
Total operating expenses	(9,583)	(1,844)	(11,427)	(8,584)	(1,826)	(10,410)	12	1	10
Gross operating income	**(60)**	**1,025**	**965**	**1,094**	**1,242**	**2,336**	**(105)**	**(17)**	**(59)**
Cost of risk	(333)	(148)	(481)	(424)	(175)	(599)	(21)	(15)	(20)
Operating income	**(393)**	**877**	**484**	**670**	**1,067**	**1,737**	**(159)**	**(18)**	**(72)**
Income/(loss) on long-term investments	2,862	51	2,913	(1,828)	(251)	(2,079)	n/s	n/s	n/s
Operating income before tax	**2,469**	**928**	**3,397**	**(1,158)**	**816**	**(342)**	**n/s**	**14**	**n/s**
Income tax	372	(419)	(47)	390	(308)	82	(5)	36	(157)
Net income attributable to ordinary shareholders	**2,841**	**509**	**3,350**	**(768)**	**508**	**(260)**	**n/s**	**0**	**n/s**

In 2023, Societe Generale generated gross operating income of EUR 1 billion, down EUR 1.4 billion (or 59%) on 2022:

- **net banking income (NBI)** came to EUR 12.4 billion, down by a slight EUR 0.4 billion (-3%) compared to 2022:
  - **French Retail Banking's net banking income** grew by EUR 0.4 billion year-on-year, which can be attributed to the integration of Crédit du Nord's revenues since 1 January 2023.

In 2023, Retail Banking's revenues were dented by the impact of short-term hedging transactions executed before the period of interest rate hikes in 2022. Fee income adjusted for the perimeter effect contracted slightly relative to 2022.

- **income generated by Global Banking and Investor Solutions** continued to be solid, although it fell EUR 1.1 billion compared to the very robust activity in 2022:
  - Equity and Equity Derivatives income fell 29% after an exceptional year in 2022,
  - Fixed Income and Currencies rose 4% over the year, with good growth momentum amid rising rates and high volatility,
  - Financing and Advisory income fell 48% from the record performance in 2022;
- **the Corporate Centre**, which includes management of the Group's investment portfolio, saw a EUR 0.3 billion increase in its net banking income year-on-year, essentially from a higher net interest margin and higher dividends received from subsidiaries, despite the fall in financial transaction income;

- **general operating expenses** increased EUR 1 billion (+10%) year-on-year:
  - **management overheads** came out at EUR 5.4 billion at 31 December 2023, an increase of EUR 0.4 billion (+7%) relative to 2022. The increase in this item in 2023 relates primarily to higher amortisation expenses on French Retail Banking's fixed assets (tied to the Crédit du Nord merger) for EUR 0.1 billion, as well as the reduction in internal re-invoicing income for EUR 0.3 billion, partially offset by the lower contribution to the Single Resolution Fund in the amount of EUR 0.2 billion,
  - **payroll expense** totalled EUR 6 billion, which is EUR 0.6 billion more (+12%) than in 2022. In 2023, payroll expenses included EUR 0.5 billion in costs for taking over the Crédit du Nord group's employees (fixed compensation and related social charges). Expenses relating to defined contribution pension plans increased EUR 0.1 billion;
- **the net cost of risk** totalled EUR 0.5 billion at 31 December 2022, a decrease of EUR 0.1 billion year-on-year, which can be attributed to a EUR 0.3 billion reduction in the charge of performing loans and offset by a EUR 0.2 billion rise in provisions for doubtful loans.

The combined effect of all these factors pushed down operating income by EUR 1.1 billion vs. 2022 to EUR 0.6 billion at 31 December 2023;

- gains on fixed assets came out at EUR 2.9 billion at 31 December 2023, an increase of EUR 5 billion, which stemmed from the recognition of a EUR 2.9 billion favourable merger variance after the tie-up between Societe Generale and Crédit du Nord's banking entities.

To recap, in 2022, Societe Generale posted a EUR 2.1 billion loss on fixed assets, primarily on the disposal of the Russian subsidiary Rosbank for EUR 1.8 billion and the EUR 0.3 billion impairment booked on the Societe Generale Securities Services SPA equity investment;

- **income tax** came to EUR -0.05 billion, reflecting the contrasted results posted between international subsidiaries and the result in France, excluding the favourable merger variance generated by the tie-up of banking entities belonging to the Crédit du Nord Group.

Net loss after tax was EUR 3.4 billion at end-2023 *vs.* a loss of EUR 0.3 billion at the 2022 year-end.

TRADE PAYABLES PAYMENT SCHEDULE

	31.12.2023						31.12.2022					
	Payables not yet due						Payables not yet due					
(In EURm)	1–30 days	31–60 days	> 60 days	> 90 days	Payables due	Total	1–30 days	31–60 days	> 60 days	> 90 days	Payables due	Total
Trade Payables	30	67	-	-	-	97	41	90	-	-	-	131

The due dates are according to conditions calculated at 60 days from invoice date.

In France, Societe Generale's supplier invoices are for the most part processed centrally. The relevant department books and settles invoices for services requested by all Societe Generale France's Corporate and Business Divisions.

In accordance with the Group's internal control procedures, invoices are only paid after they have been approved by the departments that signed for the services. Once approved, they are paid on average between three and seven days.

In accordance with Article D. 441-6 of the French Commercial Code, as worded pursuant to French Decree No. 2021-11 of 26 February 2021, the information on supplier payment times is given in the table below:

- the banking, insurance and financial services businesses (loans, financing and commissions) are excluded from the scope.

	31.12.2023					
	Payables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) PAYMENT DELAY TRANCHES						
Number of invoices concerned	39	1,045	720	431	9,666	11,901
Total amount of invoices (incl. tax) concerned (in EURm)	2	5	4	2	24	37
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) INVOICES EXCLUDED FROM (A) PERTAINING TO DISPUTED PAYABLES AND RECEIVABLES, NOT RECORDED						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) REFERENCE PAYMENT TERMS USED WHEN CALCULATING DELAYS (ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
☑ Statutory payment terms (60 days from invoice date or 45 days end of month)						
☐ Contractual payment terms						

Payment terms on accounts receivable

The payment schedules for accounts receivable are set by contract in respect of financing granted or services invoiced. The initial payment terms set for loan repayments may be amended by means of contractual options (such as prepayment or payment deferral options). Compliance with contractual payment terms is monitored as part of the Bank's risk management process (see Chapter 4 of this URD: "Risks and Capital Adequacy"), particularly in respect of credit risk, structural interest rate risk, and liquidity risk. The residual maturities of accounts receivable are indicated in Note 7.3 to the parent company financial statements.

The due dates are according to conditions calculated at 60 days from invoice date.

	31.12.2023					
	Receivables due					
	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) PAYMENT DELAY TRANCHES						
Number of invoices concerned	-	174	147	133	2,275	2729
Total amount (incl. tax) of invoices concerned (in EURm)(1)	-	22	10	-32	232	232
Percentage of total purchases (excl. tax) for the year	-	-	-	-	-	-
(B) INVOICES EXCLUDED FROM (A) PERTAINING TO DISPUTED PAYABLES AND RECEIVABLES, NOT RECORDED						
Number of invoices excluded	-	-	-	-	-	-
Total amount (excl. tax) of invoices excluded	-	-	-	-	-	-
(C) REFERENCE PAYMENT TERMS USED WHEN CALCULATING DELAYS (ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
☐ Contractual payment terms (to be specified)						
☑ Statutory payment terms						

(1) Including EUR 71 million of disputed payables.

SOCIETE GENERALE FINANCIAL RESULTS: FIVE-YEAR SUMMARY

(In EURm)	2023	2022	2021	2020	2019
Financial position at year end					
Share capital (in EURm)[(1)]	1,004	1,062	1,067	1,067	1,067
Number of shares outstanding[(1)]	802,979,942	849,883,778	853,371,494	853,371,494	853,371,494
Total income from operations *(in EURm)*					
Revenue excluding tax[(2)]	54,857	32,519	27,128	27,026	34,300
Earnings before tax, depreciation, amortisation, provisions, employee profit sharing and general reserve for banking risks	4,385	292	2,470	365	3,881
Employee profit sharing during the year	4	12	15	6	11
Income tax	47	(82)	(25)	141	(581)
Earnings after tax, depreciation, amortisation and provisions	3,350	(260)	1,995	(1,568)	3,695
Dividends paid[(3)]	1,870	1,877	1,877	0	1,777
Adjusted earnings per share *(in EUR)*					
Earnings after tax but before depreciation, amortisation and provisions	5.40	0.43	2.91	0.24	5.16
Net income	4.17	(0.31)	2.34	(1.84)	4.33
Dividend paid per share	0.90	1.70	1.65	0.55	2.20
Employees					
Headcount[(4)]	49,592	42,450	43,162	44,544	46,177
Total payroll *(in EURm)*	4,121	3,938	3,554	3,408	3,754
Employee benefits (Social Security and other) (in EURm)	1,817	1,535	1,655	1,475	1,554

(1) At 31 December 2023, Societe Generale's fully paid-up capital amounted to EUR 1,003,724,927.50 and comprised 802,979,942 shares with a nominal value of EUR 1.25.

(2) Revenue consists of interest income, dividend income, fee income, income from financial transactions and other operating income.

(3) In accordance with the European Central Bank's recommendation issued on 27 March 2020 regarding the payment of dividends during the Covid-19 pandemic, Societe Generale did not pay dividends on ordinary shares in respect of the 2019 financial year.

(4) (4) Average headcount restated compared to the financial statements published in 2021 and 2020.

Main changes in the investment portfolio in 2023

In 2023, Societe Generale carried out the following transactions:

Outside France	France
Creation	**Creation**
-	-
Acquisition of interest	**Acquisition of interest**
-	Antarius – Etoile Capital – Star Lease
Vesting	**Vesting**
-	
Increase of interest	**Increase of interest**
-	Crédit Logement – SICOVAM Holding
Subscription to capital increases	**Subscription to capital increases**
SG Capital Canada Inc.	Sogéfinancement
Full disposal	**Full disposal**
SG Congo	-
Reduction of interest(1)	**Reduction of interest(1)**
-	Parel – Crédit du Nord - Caisse de Refinancement de l'Habitat

(1) Including capital reductions, dissolution by transfer of assets, mergers and liquidations.

The table below summarises Societe Generale's investments that crossed a threshold (as a percentage of direct ownership) in 2023:

		Crossing above the threshold				Crossing below the threshold	
Threshold	**Companies**	**% of capital at 31.12.2023**	**% of capital at 31.12.2022**	**Threshold**	**Companies**	**% of capital at 31.12.2023**	**% of capital 31.12.2022**
5%	Wematch	6%	2.58%	5%	Liquidshare	0%	8%
10%	Fonds régional de garantie Hauts de France	12.71%	4.22%	10%			
	Nord Croissance	13.12%	0%				
	Sud-Ouest télésurveillance	15.53%	0%				
	SICOVAM Holding	17.90%	9.76%				
20%	SCI du 4 allée Rebsomen	20%	0%	20%			
	HLM du foyer du toit familial	20%	0%				
	IRD Entrepreneur	20%	0%				
33.33%	Banque Pouyanne	35%	0%	33.33%			
50%	Antarius	50%	0%	50%	Euro Secured Notes Issuer	0%	50%
	Sogéfimur	54.04%	0%				
	PayXpert Services LTD	60%	0%				
66.66%	BSG France SA	99.97%	0%	66.66%	SG Congo	0%	93.47%
	Provençale de participations	100%	0%		Crédit du Nord	0%	100%
	Massilia participations immobilières	100%	0%		PAREL	0%	100%
	Etoile Capital	100%	0%		PEERS	0%	100%
	Société de Bourse Gilbert Dupont	100%	0%				
	Norbail Sofergie	100%	0%				
	Star Lease	100%	0%				

(1) Ownership in the French entities, in accordance with Article L. 233.6 of the French Commercial Code.

6.4.1 INFORMATION REQUIRED PURSUANT TO ARTICLE L. 511-4 OF THE FRENCH MONETARY AND FINANCIAL CODE RELATED TOSOCIETE GENERALE SA

As part of its long-established presence in the commodities markets, Societe Generale offers agricultural commodity derivatives. These products meet a range of customer needs, including the risk management needs of business customers (producers, consumers), and provide exposure to the commodities markets for investors (asset managers, funds and insurance companies).

Societe Generale's offering covers a broad range of underlyings, including sugar, cocoa, coffee, cotton, orange juice, corn, wheat, rapeseed, soybean, oats, cattle, lean hogs, milk and rice. Within this scope, Societe Generale offers vanilla products on organised markets and in index-based products. Exposure to agricultural commodities can be provided through a single-commodity product or through multi-commodity products. Multi-commodity products are primarily used by investor clients through index-based products.

Societe Generale manages the risks associated with these positions on organised markets, for example:

- NYSE LIFFE (including Euronext Paris) for cocoa, corn, wheat, rapeseed oil, sugar and coffee;
- ICE FUTURES US for cocoa, coffee, cotton, orange juice, sugar and wheat, le Canola;
- CME group for corn, soybean, soybean oil, soybean meal, wheat, oats, cattle, lean hogs, milk and rice;
- SGX for rubber.

This list is subject to change.

A number of measures are in place to prevent or detect any material impact on the price of agricultural commodities as a result of Societe Generale's activities described above:

- the trading activity is governed by the MiFID II regulatory framework in Europe, in force since 3 January 2018: it sets limits for positions on certain agricultural commodities, introduces the obligation to report on positions to the trading platform, as well as systematic reporting of all transactions to the appropriate regulatory body; the business also operates within internal limits, set by teams tracking risks independently of the operators;
- these teams constantly monitor compliance with these various limits;
- moreover, Societe Generale's trading activity on organised markets follows limits set by the Societe Generale clearing broker;
- to prevent any inappropriate behaviour, mandates and manuals setting out their scope are provided to Societe Generale traders;
- they also attend regular training on business standards and market conduct;
- daily controls are run to detect any inappropriate trading. These controls include monitoring compliance with the US Commodity Futures Trading Commission (CFTC) and market rules on position limits, designed to ensure that no operator can adopt a market position that poses a danger to market equilibrium.

6.4.2 DISCLOSURE ON DORMANT ACCOUNTS

All credit institutions are required to publish information on dormant bank accounts on an annual basis under Articles L. 312-19 and L.312-20 of the French Monetary and Financial Code, as introduced by French Act No. 2014-617 of 13 June 2014 on dormant bank accounts and unclaimed life insurance accounts. Also known as the Eckert Act, it entered into force on 1 January 2016.

In 2023, 25,719 dormant bank accounts were closed. The total amount deposited with the *Caisse des Dépôts et Consignations* was EUR 44,268,707.

Some 471,264 bank accounts were identified as dormant at the end of December 2023, representing an estimated total of EUR 837,222,933.

6.5 FINANCIAL STATEMENTS

6.5.1 PARENT COMPANY BALANCE SHEET

ASSETS

(In EURm)		31.12.2023	31.12.2022
Cash, due from central banks and post office accounts		197,369	165,341
Treasury notes and similar securities	Note 2.1	73,667	51,946
Due from banks	Note 2.3	219,601	216,750
Customer loans	Note 2.3	523,169	495,642
Bonds and other debt securities	Note 2.1	118,168	109,607
Shares and other equity securities	Note 2.1	71,151	74,833
Affiliates and other long-term securities	Note 2.1	948	812
Investments in related parties	Note 2.1	22,732	22,188
Tangible and intangible fixed assets	Note 7.2	3,562	2,980
Treasury stock	Note 2.1	273	1,130
Accruals, other accounts receivables and other assets	Note 3.2	158,747	188,731
TOTAL		**1,389,387**	**1,329,960**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2023	31.12.2022
Loan commitments granted	Note 2.3	326,102	306,565
Guarantee commitments granted	Note 2.3	223,514	233,347
Commitments made on securities		39,803	30,204

LIABILITIES AND SHAREHOLDERS' EQUITY

(In EURm)		31.12.2023	31.12.2022
Due to central banks and post office accounts		9,573	8,230
Due to banks	Note 2.4	335,675	340,748
Customer deposits	Note 2.4	603,260	550,236
Liabilities in the form of securities issued	Note 2.4	142,308	119,613
Accruals, other accounts payables and other liabilities	Note 3.2	226,613	236,525
Provisions	Note 2.6	9,723	10,205
Long-term subordinated debt and notes	Note 6.4	25,290	28,311
Shareholders' equity			
Common stock	Note 6.1	1,004	1,062
Additional paid-in capital	Note 6.1	20,260	21,330
Retained earnings	Note 6.1	12,331	13,960
Net income	Note 6.1	3,350	(260)
SUB-TOTAL		**36,945**	**36,092**
TOTAL		**1,389,387**	**1,329,960**

OFF-BALANCE SHEET ITEMS

(In EURm)		31.12.2023	31.12.2022
Loan commitments received from banks	Note 2.4	68,683	85,354
Guarantee commitments received from banks	Note 2.4	74,541	62,807
Commitments received on securities		42,367	33,928

6.5.2 INCOME STATEMENT

(In EURm)		31.12.2023	31.12.2022
Interest and similar income	Note 2.5	43,733	18,373
Interest and similar expense	Note 2.5	(41,493)	(17,164)
Dividend income	Note 2.1	3,557	2,816
Fee income	Note 3.1	6,645	5,320
Fee expense	Note 3.1	(2,693)	(2,388)
Net income from the trading portfolio(2)	Note 2.1	3,137	6,176
Net income from short-term investment securities	Note 2.1	(166)	(190)
Income from other activities		513	423
Expense from other activities		(841)	(620)
Net banking income	**Note 7.1**	**12,392**	**12,746**
Personnel expenses	Note 4.1	(6,019)	(5,360)
Other operating expenses(1)		(4,775)	(4,548)
Impairment, amortisation and depreciation		(633)	(502)
Gross operating income		**965**	**2,336**
Cost of risk	Note 2.6	(481)	(599)
Operating income		**484**	**1,737**
Net income from long-term investments	Notes 2.1	2,913	(2,079)
Operating income before tax		**3,397**	**(342)**
Income tax	Note 5	(47)	82
Net Income		**3,350**	**(260)**
Earnings per ordinary share	**Note 6.3**	**4.19**	**(0.32)**
Diluted earnings per ordinary share		**4.19**	**(0.32)**

(1) o/w. EUR 567 million related to the 2023 contribution to the Single Resolution Fund (SRF) (EUR 732 million as at 31 December 2022).
(2) o/w. a correction of a prior period error for EUR 139 million detailed in Note 2.1.5.

Information about fees paid to Statutory Auditors is disclosed in the notes to the consolidated financial statements of Societe Generale Group; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

6.6 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements were approved by the Board of Directors on 7 February 2024.

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

1. Introduction

The preparation and presentation of the parent company financial statements for Societe Generale comply with the provisions of Regulation 2014-07 of the French Accounting Standards Board (*Autorité des Normes Comptables*, ANC), relating to the annual accounts for the banking sector.

As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they have been adjusted to comply with the accounting principles applicable in France.

The disclosures provided in the notes to the parent company financial statements focus on information that is both relevant and material to the financial statements of Societe Generale, its activities and the circumstances in which it conducted its operations over the period. This information focuses on significant events and transactions to understand the changes in circumstances and financial performance of Societe Generale during the financial year 2023, in particular the impact of the merger with Crédit du Nord and its subsidiaries as of 1 January 2023.

2. Accounting policies and valuation methods

In accordance with the accounting principles applicable to French credit institutions, the majority of transactions are recorded using valuation methods that take account of the purpose for which they were completed.

In financial intermediation transactions, assets and liabilities are generally maintained at their historical cost and impairment is recognised where counterparty risk arises. Revenues and expenses arising from these transactions are recorded *prorata temporis* over the life of the transaction in accordance with the accounting cut-off principle. The same applies for transactions on forward financial instruments carried out for hedging purposes or to manage the Bank's overall interest rate risk.

Transactions performed in the Global Markets activity are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value. When these financial instruments are not quoted in an active market, the market value used is adjusted to take into account the liquidity risk, future management fees and, if any, the counterparty risk.

3. Translation of foreign currency financial statement

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. The income statement items of these branches are translated at the average quarter-end exchange rate. Translation gains and losses arising from the translation of the capital contribution, reserves, retained earnings and net income of foreign branches, which result from changes in exchange rates, are included in the balance sheet under "Accruals, other accounts payable/receivable and other liabilities/assets".

4. Use of estimates and judgment

In compliance with the accounting principles and methods applicable to the preparation of the financial statements and stated in the notes to the present document, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, the valuation of assets and liabilities on the balance sheet, and the information disclosed in the notes to the parent company financial statements.

In order to make these assumptions and estimates, the Management uses the information available as at the date of preparation of the financial statements and can exercise its own judgment. By nature, valuations based on these estimates involve risks and uncertainties about their materialization in the future. Consequently, the actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The assumptions and estimates made in preparing these annual financial statements take account of the uncertainties related to the economic consequences of geopolitics crisis and of the current macroeconomic context. The impacts of these events on the assumptions and estimates used are detailed in part 5 of the present note.

The use of estimates mainly concerns the following accounting topics:

- fair value in the balance sheet of financial instruments (securities portfolio and forward financial instruments) not quoted in an active market and held for trading activities (see Notes 2.1, 2.2 and 3.2);
- impairment of financial assets (see Note 2.6);
- provisions recognised as liabilities (see Notes 2.6, 4.2 and 5.2);
- deferred tax assets recognised in the balance sheet (see Note 5).

CLIMATE RISK

Societe Generale continues its work to gradually integrate climate risk in the preparation of its statutory financial statements. Climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system of Societe Generale. In this regard, the impact of transitional risk on the credit risk of the corporate customers of Societe Generale remains the primary climate risk for the Bank.

As at 31 December 2023, the determination of impairment and provisions for credit losses includes the possible impact of climate risks as taken into account in the assessment of individual risks and sectoral risks whenever it is compatible with the provisioning horizon. The impact of Societe Generale's commitments in favour of energy and environmental transition and the development of the territories are still taken into account in the budget trajectories used to assess the recoverability of the differed tax assets.

5. Geopolitical crises and macroeconomic context

2023 was a year of cumulative uncertainties with, in particular, the continuing conflict in Ukraine but also tensions in the banking sector in the United States of America and Europe at the beginning of the year, as well as the situation in the Middle East at the end of the year. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly.

In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to drop down under 3% in 2024 and fall back to the target in the mid-term.

In the U.S.A., the economy performed better than expected by most forecasters. Warning signs point to a sharper slowdown already apparent towards the end of the year.

In this context, Societe Generale updated the macroeconomic scenarios chosen for the preparation of its statutory statements as at 31 December 2023. These macroeconomic scenarios are taken into account in the measurement models for credit risk impairment and provisions (see Note 2.6) and in tests regarding deferred tax assets recovery (see Note 5).

MACROECONOMIC SCENARIOS AND WEIGHTING

As at 31 December 2023, Societe Generale has selected three macroeconomic scenarios to help understand the uncertainties related to the current macroeconomic context.

The assumptions selected to draw up the scenarios are listed below:

- the central scenario ("SG Central"), weighted at 62%, predicts a continued economic slowdown in the euro area in 2024, and only a modest rebound in 2025. A fall in inflation, down to 2.5% approximately, will be accompanied by an increase in unemployment rate. The ECB might lower its interest rates starting in Spring 2024, but would continue scaling down its balance sheet at least until 2025 (reducing its direct purchases on the market). In the U.S.A, in 2024, economic growth is expected to decelerate, interest rates will likely decrease, inflation should remain on a downward trend while the unemployment rate increases;
- the favourable scenario ("SG Favourable"), weighted at 10%, describes an accelerated economic growth compared to the trajectory projected in the central scenario; this growth may result from improved supply conditions owing to a positive shock on productivity or from unexpectedly improved demand conditions. In both cases, stronger growth will have a positive impact on employment and the profitability of companies;
- the stressed scenario ("SG Stress"), weighted at 28%, corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, euro area crisis…), an exogenous crisis (Covid-19-like pandemic) or a combination of both.

These scenarios are developed by the Economic and Sector Research Department of Societe Generale based, in particular, on information published by statistical institutes.

Forecasts from institutions (IMF, Global Bank, ECB, OECD…) and the consensus among market economists serves as a reference to challenge Societe Generale's forecasts.

COVID-19 CRISIS: STATE GUARANTEED LOANS (PGE)

Until 30 June 2022, Societe Generale offered to its crisis-impacted customers (professionals and corporate customers) the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins).

With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans came with a one-year repayment exemption. At the end of that year, the customer could either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French *Ministre de l'Économie, des Finances et de la Relance* on 14 January 2021) without extending the total duration of the loan.

The remuneration conditions of the guarantee have been set by the State and applied 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). A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from 6 to 10 years.

These State Guaranteed Loan facilities (PGE) have been recorded among Customer loans. The share of the guarantee premium received from the borrowers and kept by the Bank to compensate the share of risk not guaranteed by the French State is assimilated to interest income. It is spread and recognised over the effective lifetime of the loans in net income amongst Interest and similar income, along with the recording of the contractual interest.

At 31 December 2023, after the first repayments made in 2022 and in 2023 at the end of the moratorium period, the outstanding amount corresponding to the State Guaranteed Loans (PGE) granted by Societe Generale is approximately EUR 7.8 billion (including EUR 1.6 billion of underperforming loans and EUR 0.9 billion of doubtful loans). The State guarantee for these loans covers, on average, 90% of their amount. The amount of credit risk impairment and provisions recorded as at 31 December 2023 related to these State Guaranteed Loan facilities represents approximately EUR 171 million (including EUR 28 million of underperforming loans and EUR 124 million of doubtful loans).

CONSEQUENCES OF THE WAR IN UKRAINE

Societe Generale holds assets on Russian counterparties (including the residual exposures on Rosbank) the volume of which dropped between 31 December 2022 and 31 December 2023 owing in particular to the disposal of assets but also to customer reimbursements completed without incident (EUR 0.8 billion against EUR 1.1 billion in 2022). As a result of an assessment of the changes in these credit exposures, Societe Generale has classified them from the very beginning of the conflict as “underperforming loans” or “doubtful loans” when necessary (see Note 2.6.2).

6. Merger of the retail banking network with Crédit du Nord and its subsidiaries

On 1 January 2023, Societe Generale achieved the legal merger of its two retail banking networks in France, Societe Generale and the Crédit du Nord group. SG is, from now on, the new retail bank of Societe Generale in France.

The legal merger was achieved in several stages:

- absorption by Crédit du Nord of its seven banking subsidiaries in France;
- merger of Crédit du Nord with Societe Generale SA;
- transfer of all the assets (French *Transmission Universelle de Patrimoine* (TUP) of Société de Banque de Monaco to Societe Generale SA.

During the first stage, Crédit du Nord recognised a merger bonus of EUR 544 million for the differences between the net assets absorbed and the book value of the derecognised interests (Banque Kolb, Banque Courtois, Banque Laydernier, Banque Nuger, Banque Rhône-Alpes, Banque Tarneaud), as well as a merger malus of EUR 397 million for the negative difference between the net assets absorbed and the book value of Société Marseillaise de Crédit. This amount is called a “technical malus” and has been allocated as follows:

- EUR 49 million to the revaluation of the buildings of Société Marseillaise de Crédit; and
- EUR 348 million to the recognition of a business goodwill.

After completion of this operation, the net book assets of Crédit du Nord used as a calculation basis for the merger bonus of the next stage increased by EUR 544 million.

During the second stage, Societe Generale SA recognised a merger bonus of EUR 2,848 million for the differences observed between the net assets absorbed and the book value of Crédit du Nord, after absorption of its seven subsidiaries. The amount of this merger bonus has been fully recognised under the “Net gains on other assets” of the financial year. Under the merger preferential treatment provided for in the provisions of Article 210 A of the French General Tax Code, this bonus is not taxable.

Lastly, during the transfer of all assets (TUP) of Société de Banque de Monaco, Societe Generale SA recognised a merger bonus of EUR 3.5 million.

After completion of these legal mergers, the total outstanding consumer loans from the Crédit du Nord group was transferred by Societe Generale SA to its Sogefinancement subsidiary. This transfer in kind was made in two stages (in March and in May 2023); it was paid for by the issuance of new shares through two capital increases of Sogefinancement amounting to EUR 1,429 million. In the financial statements of Societe Generale as at 31 December 2023, the sale of these outstanding loans amounts to a loss of EUR 71 million, recognised under “Net banking income”.

The impacts of these operations on the balance sheet and income statement items are shown in the tables below:

BALANCE SHEET

The amounts which are negative in the "Effects of the merger" column result from the elimination of intra-group transactions between Societe Generale and Crédit du Nord which, after the merger, are considered in-house and thus derecognised from the balance sheet of Societe Generale.

TOTAL ASSETS

(In EURm)		31.12.2023	01.01.2023	Effects of the merger	31.12.2022
Cash, due from central banks and post office accounts		197,369	184,853	19,512	165,341
Treasury notes and similar securities	Note 2.1	73,667	52,072	126	51,946
Due from banks	Note 2.3	219,601	201,324	(15,426)	216,750
Customer loans	Note 2.3	523,169	547,801	52,159	495,642
Bonds and other debt securities	Note 2.1	118,168	109,610	3	109,607
Shares and other equity securities	Note 2.1	71,151	74,834	1	74,833
Affiliates and other long-term securities	Note 2.1	948	812		812
Investments in related parties	Note 2.1	22,732	21,324	(864)	22,188
Tangible and intangible fixed assets	Note 7.2	3,562	3,654	674	2,980
Treasury stock	Note 2.1	273	1,130		1,130
Accruals, other accounts receivables and other assets	Note 3.2	158,747	184,305	(4,426)	188,731
TOTAL		**1,389,387**	**1,381,719**	**51,759**	**1,329,960**

TOTAL LIABILITIES

(In EURm)		31.12.2023	01.01.2023	Effects of the merger	31.12.2022
Due to central banks and post office accounts		9,573	8,230		8,230
Due to banks	Note 2.4	335,675	341,211	463	340,748
Customer deposits	Note 2.4	603,260	602,881	52,645	550,236
Liabilities in the form of securities issued	Note 2.4	142,308	119,831	218	119,613
Accruals, other accounts payables and other liabilities	Note 3.2	226,613	231,592	(4,933)	236,525
Provisions	Note 2.6	9,723	10,720	515	10,205
Long-term subordinated debt and notes	Note 6.4	25,290	28,311		28,311
Shareholders' equity					
Common stock	Note 6.1	1,004	1,062		1,062
Additional paid-in capital	Note 6.1	20,260	21,330		21,330
Retained earnings	Note 6.1	12,331	13,700		13,960
Net income	Note 6.1	3,350	2,851	2,851	(260)
SUB-TOTAL		**36,945**	**38,943**	**2,851**	**36,092**
TOTAL		**1,389,387**	**1,381,719**	**51,759**	**1,329,960**

INCOME STATEMENT

The combined accounts below have been prepared in order to provide comparative information in respect of the main items of the income statement between the 2022 financial year and the 2023 financial year.

These combined accounts have been prepared on the basis of the Company financial statements published by Crédit du Nord and Societe Generale as at 31 December 2022.

The information shown below thus corresponds to the best possible estimate of the reconstitution, for the 2022 financial year, of the activities integrated at the time of the merger, taking into account the flows with Societe Generale SA. They have been adjusted for the main transactions between the two entities.

(In EURm)	31.12.2023	31.12.2022 Societe Generale and Crédit du Nord (combined accounts)	31.12.2022 Published
Net banking income	12,392	14,560	12,746
Gross operating income	965	2,899	2,336
Operating income	484	2,211	1,737
Operating income before tax	3,397	198	(342)
Net income	**3,350**	**162**	**(260)**

7. Acquisition of LeasePlan by ALD

The acquisition of 100% of LeasePlan by ALD, for which Societe Generale and ALD had signed two Memorandums of Understanding on 6 January 2022, was completed on 22 May 2023, following approval by the ALD Board of Directors and the relevant regulatory authorities.

As part of the financing of this acquisition, ALD completed in 2022 a EUR 1,212 million capital increase with shareholders' preferential subscription rights, subscribed for EUR 803 million by Societe Generale (66.26% of the capital increase). Societe Generale held 79.82% of ALD's share capital prior to this increase, and 75.94% after its completion on 31 December 2022, in accordance with its commitment to remain ALD's long-term majority shareholder.

In 2023, the cost of this acquisition, totalling EUR 4,897 million, was financed by ALD in cash and shares.

In this context, ALD carried out, in 2023, a capital increase in favour of LeasePlan shareholders. As a result, Societe Generale remains majority shareholder of the new combined entity, named Ayvens since 16 October 2023, with a controlling interest of 52.59%. This share may be reduced to 50.95% in case of exercise of the warrants attached to the shares ("ABSA" - *Actions à Bons de Souscription d'Actions*) attributed to LeasePlan shareholders to provide them with the means to increase their minority interest up to 32.91% of Ayvens' share capital.

8. Creation of a joint venture by Societe Generale and AllianceBernstein

On 6 February 2023, Societe Generale and AllianceBernstein signed a Memorandum of Understanding for the creation of a joint venture combining their cash equities and equity research businesses.

On the date of completion of the transaction, scheduled in the first half of 2024, the joint venture will be organised under two separate legal entities focusing on North America and Europe & Asia, respectively. Subject to the relevant regulatory approvals, some options might allow Societe Generale to eventually reach 100% ownership in both entities.

9. Event after the reporting period

PLAN TO IMPLEMENT ORGANISATIONAL CHANGES IN SOCIETE GENERALE HEAD OFFICE IN FRANCE

On 5 February 2024, Societe Generale has announced a plan to implement organisational changes in its head office in France to simplify its operations and structurally improve its operational efficiency.

Several French head office entities are considering organisational changes that require specific social support measures. The objective is to group and pool certain activities and functions, remove hierarchical layers to streamline decision-making, and resize certain teams due to reviews of projects or processes.

This reorganisation project has been submitted for consultation with the staff representative bodies. Following the completion of the consultation scheduled for the second quarter of 2024, the implementation of these organisational changes would result in approximately 900 job cuts at head office without forced departures (*i.e.* approximately 5% of head office staff).

The cost of the social support measures that will be recorded as provision during the first quarter of 2024 is estimated to be around EUR 0.3 billion.

NOTE 2 FINANCIAL INSTRUMENTS

NOTE 2.1 Securities portfolio

ACCOUNTING PRINCIPLES

Securities are classified according to:

- their type: government securities (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

The classification and valuation rules applied for each portfolio category are as follows and the impairment rules applied are described in Note 2.6.5.

Trading Securities

Trading securities are securities acquired or incurred with the intention of selling or repurchasing them in the near term or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects actual and regularly occurring market transactions on an arm's length basis. Trading securities also include the securities covered by a sale commitment in the context of an arbitrage on a regulated market or similar, and the securities purchased or sold as part of the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at acquisition price, excluding acquisition expenses.

They are marked to market at the end of the financial year.

The net unrealised gains or losses thus recognised, together with the net gains or losses on disposals, are recorded on the income statement under "Net income" from the trading portfolio, or, from short-term investment securities. The coupons received on the fixed-income securities in the trading portfolio are recorded on the income statement under "Net interest income" from bonds, or other debt securities.

The trading securities that are no longer held with the intention of selling them in the near term, or no longer held for the purpose of market-making activities, or held as part of the specialised management of a trading portfolio for which there is no longer evidence of a recent pattern of short-term profit-taking, may be reclassified into the Short-term investment securities category or into the Long-term investment securities category if:

- exceptional market situations generate a change in holding strategy; or
- if debt securities become no longer negotiable in an active market after their acquisition, and Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are recorded in their new category at their fair market value on the date of reclassification.

Long-Term Investment Securities

Long-term investment securities are debt securities acquired or reclassified from Trading securities and Short-term investment securities which Societe Generale intends and has the capacity to hold until maturity.

Societe Generale must therefore have, in particular, the necessary financing capacity to continue holding these securities until their expiry date. These long-term investment securities shall not be subject to any legal or other form of constraint that might call into question its intention to hold it until maturity.

Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market). These reclassified securities are identified within the long-term investment securities portfolio.

Societe Generale may have to dispose of long-term investment securities or transfer them to another accounting category only in the specific following cases:

- the sale or transfer is made at a date close to the maturity of the security; or
- the sale or transfer is due to an isolated event independent of Societe Generale control.

These instruments may be designated as hedged items when forward financial instruments are used to hedge interest rate risk on identifiable items or groups of similar items.

Long-term investments securities are recorded in the balance sheet at their purchase cost excluding acquisition expenses.

Affiliates, Investments In related parties and Other Long-Term Securities

This category of securities covers on the one hand affiliates and investments in related parties, when it is deemed useful to Societe Generale's business to hold said shares in the long term. This notably covers the investments that meet the following criteria:

- shares in fully integrated companies or issued by companies accounted for using the equity method;
- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the company whose shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the Group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes the other long-term securities. These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Affiliates, investments in related parties and other long-term securities are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is recognised in the income statement under "Dividend income".

Short-Term Investment Securities

Short-term investment securities are all the securities that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

SHARES AND OTHER EQUITY SECURITIES

Equity securities are initially recognised on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. Only the unrealised losses are recorded with the recognition of a depreciation of the securities portfolio. Income from these securities is recorded in Dividend income.

BONDS AND OTHER DEBT SECURITIES

These securities are initially recognised on the balance sheet at cost excluding the acquisition expenses, and excluding interest accrued not due at the date of purchase. The positive or negative differences between the cost and redemption values are recognised as premiums (if positive) or discounts (if negative) in the income statement over the life of the securities concerned and spread using the actuarial method. The accrued interest on bonds and other short-term investment securities is recorded as related receivables with a counterpart entry under "Interest and similar income" in the income statement.

Short-term investment securities may be reclassified into Long-term investment securities category provided that:

- exceptional market situations generate a change in holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and if Societe Generale has the intention and ability to hold them for the foreseeable future or until maturity.

NOTE 2.1.1 TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	31.12.2023				31.12.2022			
(In EURm)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(1)	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities(2)	Total
Trading securities	**55,019**	**70,944**	**48,771**	**174,734**	**32,051**	**74,610**	**42,851**	**149,512**
Short-term investment securities	**18,487**	**186**	**16,748**	**35,421**	**19,747**	**197**	**13,119**	**33,063**
Gross book value	18,771	214	16,943	35,928	20,260	217	13,193	33,670
Impairment	(284)	(28)	(195)	(507)	(513)	(20)	(74)	(607)
Long-term investment securities	**63**	**-**	**52,381**	**52,444**	**53**	**-**	**53,475**	**53,528**
Gross book value	63	-	52,381	52,444	53	-	53,475	53,528
Impairment	-	-	-	-	-	-	-	-
Related receivables	**98**	**21**	**268**	**387**	**95**	**26**	**162**	**283**
TOTAL	**73,667**	**71,151**	**118,168**	**262,986**	**51,946**	**74,833**	**109,607**	**236,386**

(1) *As at 31 December 2023, the amount of bonds and other debt securities includes EUR 961 million of securities issued by public organizations.*
(2) *As at 31 December 2022, the amount of bonds and other debt securities includes EUR 1,454 million of securities issued by public organizations.*

ADDITIONAL INFORMATION ON SECURITIES

(In EURm)	31.12.2023	31.12.2022
Estimated market value of short-term investment securities		
Unrealised capital gains[1]	717	104
Estimated value of long-term investment securites		
Premiums and discounts relating to short-term and long-term investment securities	26	292
Investments in mutual funds:	9,736	15,310
■ French mutual funds	1,352	8,527
■ Foreign mutual funds	8,384	6,783
of which mutual funds which reinvest all their income	*5*	*5*
Listed securities[2]	389,839	361,737
Subordinated securities	-	110
Securities lent	79,745	71,453

(1) *The amount does not include unrealised gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.*
(2) *As at 31 December 2023, the amount of listed trading securities is EUR 301,065 million (274,544 million as at 31 December 2022).*

NOTE 2.1.2 AFFILIATES, INVESTMENTS IN RELATED PARTIES AND OTHER LONG-TERM SECURITIES

AFFILIATES AND OTHER LONG TERM SECURITIES

(In EURm)	31.12.2023	31.12.2022
Banks	335	332
Others	732	585
Affiliates and other long-term securities before impairment	**1,067**	**917**
Impairment	(119)	(105)
TOTAL	**948**	**812**

The main changes are:

- the inclusion of “Affiliates and other long-term securities” held by Crédit du Nord, following its merger into Societe Generale Paris: EUR +139 million in net book value (*o.w.* the associates’ certificates of the French deposit insurance and resolution fund (*Fonds de Garantie des Dépôts et de Résolution* – FGDR) for EUR +48 million, *Crédit Logement* for EUR +39 million and Sicovam Holding for EUR +35 million);
- the acquisition of Payxpert Services Limited shares for EUR +34 million and the participation in the creation of Inno Energy for EUR +30 million;
- the increase of the associates’ certificates of the French deposit insurance and resolution fund: EUR +18 million;
- the partial disposal of CRH shares following the annual adjustment of the subsidiary’s shareholding: EUR -32 million;
- the reclassification of investments in Payxpert Services Limited, SG Saudi, Société Services Fiduciaires and Investima, in the frame of their inclusion in the consolidation scope during the year, from the category “Affiliates and other long term securities” to “Investments in related parties” for EUR -48 million.

INVESTMENTS IN RELATED PARTIES

(In EURm)	31.12.2023	31.12.2022
Banks	**8,805**	**8,843**
Listed	1,821	1,862
Unlisted	6,984	6,981
Others	**16,977**	**16,487**
Listed	1,948	1,948
Unlisted	15,029	14,539
Investments in related parties before impairment	**25,782**	**25,330**
Impairment	(3,050)	(3,142)
TOTAL	**22,732**	**22,188**

All transactions with the related parties were concluded under normal market conditions.

On 1 January 2023, the merger of Crédit du Nord into Societe Generale Paris led to:

- the cancelation of shares of Crédit du Nord: EUR -1,410 million;
- the inclusion of shares held by Crédit du Nord in the category “Investments in related parties”: EUR +475 million in net book value (o.w. Antarius for EUR +257 million, Société de Banque de Monaco for EUR +82 million, Etoile Capital for EUR +58 million and Starlease for EUR +55 million).

The merger was followed by:

- the asset contribution to Sogefinancement of the consumer loan portfolio recognised following the merger. The contributions were remunerated in shares by Sogefinancement *via* two capital increases leading to the increase in the share of Societe Generale in Sogefinancement’s capital for EUR +1,430 million;
- the transer of all the assets (*Tansmission Universelle de Patrimoine*) of Société de Banque de Monaco to the SG Monaco branch: EUR -82 million.

The other main changes are:

- the merger of Parel into Societe Generale Paris: EUR -61 million;
- the capital increase of Societe Generale Capital Canada Inc. with the restructuring of the Group’s Canadian entities: EUR +135 million.

The main changes in the impairment are as follow:

- the impairment of SG Securities Singapore Pte Ltd.: EUR -15 million;
- the impairment recovery of Societe Generale Securities Services SPA (held by the SG Milan branch): EUR +51 million;
- the impairment recovery of SG Americas Inc.: EUR +32 million;
- the impairment recovery of Societe Generale Mauritania: EUR +20 million.

NOTE 2.1.3 TREASURY STOCK

ACCOUNTING PRINCIPLES

Societe Generale’s shares acquired for allocation to employees are recorded as Short-term investment securities and presented under “Treasury stock” on the assets side of the balance sheet.

Societe Generale’s shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded as Trading securities and presented under “Treasury stock” on the assets side of the balance sheet.

Societe Generale’s shares acquired with the intend to cancel them are recorded as Long-term equity investments and presented under “Treasury stock” on the assets side of the balance sheet.

	31.12.2023			31.12.2022		
(In EURm)	Quantity	Book value[2]	Market value	Quantity	Book value[2]	Market value
Trading securities[1]	3,321,132	80	80	282,892	7	7
Short-term investment securities	6,735,519	193	162	7,061,203	209	166
Long-term equity investments[3]	-	-	-	41,674,813	914	979
TOTAL	**10,056,651**	**273**	**242**	**49,018,908**	**1,130**	**1,151**

Nominal value : EUR 1.25.

Market value per share : EUR 24.03 as at 31 December 2023.

(1) Societe Generale set up on 22 August 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share. As at 31 December 2023, no Societe Generale shares were held under this contract, which has EUR 5 million to intervene on this share.

(2) The accounting value is assessed according to the notice of the CNC N° 2008-17 approved on 6 November 2008 concerning stock-options and bonus issues of shares.

(3) As at 31 December 2022, 41,674,813 Societe Generale shares were purchased on the market at a cost price of EUR 914 million, for the purpose of cancellation on 01 February 2023 in accordance with the decision of the General Meeting of 17 May 2022.

NOTE 2.1.4 DIVIDEND INCOME

(In EURm)	2023	2022
Dividends from shares and other equity securities	14	17
Dividends from affiliates and other long-term securities	3,543	2,799
TOTAL	**3,557**	**2,816**

Dividends received from investments in the trading portfolio have been classified under “Net income from the trading portfolio and short-term investment securities.”

NOTE 2.1.5 NET INCOME FROM THE TRADING PORTFOLIO AND SHORT-TERM INVESTMENT SECURITIES

(In EURm)	2023	2022
Net income from the trading portfolio:	**3,137**	**6,176**
Net income from operations on trading securities[1]	11,119	(11,130)
Net income from forward financial instruments[2]	(8,696)	18,538
Net income from foreign exchange transactions	714	(1,232)
Net income from short-term investment securities:	**(166)**	**(190)**
Gains on sale	135	500
Losses on sale	(407)	(427)
Allocation of impairment	(164)	(531)
Reversal of impairment	270	268
TOTAL	**2,971**	**5,986**

(1) Of which EUR 1,906 million of received dividends on trading portfolio.

(2) Of which EUR 139 million of expenses in 2023 related to the correction of the amount of management fees on forward financial instruments which had not been correctly valued in 2022

NOTE 2.1.6 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

This item includes capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in subsidiaries and affiliates, long-term investment securities.

(In EURm)	2023	2022
Long-term investment securities:	**3**	**-**
Net capital gains (or losses) on sale	3	-
Net allocation to impairment	-	-
Investments in subsidiaries and affiliates:	**2,908**	**(2,093)**
Gains on sale(1)	2,879	59
Losses on sale(1)	(64)	(2,686)
Allocation to impairment(2)	(38)	(356)
Reversal of impairment(2)	131	890
Subsidies granted to affiliates (subsidiaries)	-	-
Net income from long term investment (see Note 7.2)	2	14
TOTAL	**2,913**	**(2,079)**

(1) *As at 31 December 2023, the main change is related to the merger of Crédit du Nord into Societe Generale Paris for EUR +2,848 million.*
(2) *Allocations and reversals mainly concern subsidiaries (See Note 2.1.2 - Investments in subsidiaries).*

NOTE 2.2 Transactions on forward financial instruments

ACCOUNTING PRINCIPLES

Transactions on forward financial instruments on interest rates, foreign exchange rates or equities are used for trading or hedging purposes.

Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of current transactions and does not reflect the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expense on these forward financial instruments depends on the purpose of the transaction, as follows:

Hedging transactions

Income and expense on forward financial instruments used as hedge assigned from the beginning to an identifiable item or group of similar items are recognised in the income statement symmetrically to the income and expense on the hedged items. Income and expense on interest rate instruments are recorded as net interest income in the same interest income or expense account as the items hedged. Income and expense on other instruments such as equity instruments, stock market indexes or currencies are recognised under “Net income” from short-term investment securities.

Income and expense on forward financial instruments used to hedge or manage an overall interest rate risk are recognised in the income statement over the life of the instrument under “Net income” from the trading portfolio.

Market transactions

Market transactions include:

- the instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets;
- some debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks.

These transactions are measured at their market value as at the closing date. When financial instruments are not quoted in an active market, this value is generally determined based on internal models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated based on the size of the exposure and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due its size;
- an adjustment for the reduced liquidity of the instruments and for model risk in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, these valuations also take into account counterparty risk and the present value of the future management fees.

The corresponding gains or losses are directly recognised as income or expense for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as Net income from the trading portfolio.

The gains or losses corresponding to the contracts concluded as part of the cash management activities managed by the trading room in order to benefit from any interest rate fluctuations, are recorded when these contracts are settled or *prorata temporis* over the life of the contracts, depending on the type of instrument. Any unrealised losses are provisioned at year-end and the corresponding amounts are recorded under “Net income” from the trading portfolio.

NOTE 2.2.1 FORWARD FINANCIAL INSTRUMENTS COMMITMENTS (NOTIONAL)

(In EURm)	Fair Value Trading transactions	Hedging transactions	Total at 31.12.2023	31.12.2022
Firm transactions	**12,805,395**	**19,158**	**12,824,553**	**12,161,938**
Transactions on organised markets	3,178,572	123	3,178,695	3,036,439
Interest rate futures	*765,381*	-	*765,381*	*776,802*
Foreign exchange futures	*2,122,505*	-	*2,122,505*	*1,932,872*
Other futures contracts	*290,686*	*123*	*290,809*	*326,765*
OTC agreements	9,626,823	19,035	9,645,858	9,125,499
Interest rate swaps	*7,354,732*	*18,840*	*7,373,572*	*7,169,836*
Currency financing swaps	*1,277,267*	*195*	*1,277,462*	*1,144,067*
Forward Rate Agreements (FRA)	*972,883*	-	*972,883*	*787,632*
Other	*21,941*	-	*21,941*	*23,964*
Optional transactions	**3,868,559**	**706**	**3,869,265**	**3,687,488**
Interest rate options	1,941,993	-	1,941,993	1,781,146
Foreign exchange options	585,157	706	585,863	565,846
Equity and index options	1,239,147	-	1,239,147	1,096,715
Other options	102,262	-	102,262	243,781
TOTAL	**16,673,954**	**19,864**	**16,693,818**	**15,849,426**

NOTE 2.2.2 FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In EURm)	31.12.2023	31.12.2022
Firm transactions	**(3,719)**	**(5,079)**
Transactions on organised markets	(24)	(14)
Interest rate futures	-	-
Foreign exchange futures	-	-
Other forward contracts	*(24)*	*(14)*
OTC agreements	(3,695)	(5,065)
Interest rate swaps	*(3,785)*	*(5,165)*
Currency financing swaps	*90*	*100*
Forward Rate Agreements (FRA)	-	-
Other	-	-
Optional transactions	**-**	**-**
TOTAL(1)	**(3,719)**	**(5,079)**

(1) A positive value represents a net receivable and a negative value represents a net debt.

NOTE 2.2.3 MATURITIES OF FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(In EURm)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Firm transactions	**2,362,011**	**3,084,504**	**3,712,338**	**3,665,700**	**12,824,553**
Transactions on organised markets	1,525,681	970,578	247,454	434,982	3,178,695
OTC agreements	836,330	2,113,926	3,464,884	3,230,718	9,645,858
Optional transactions	**886,270**	**984,481**	**1,266,950**	**731,564**	**3,869,265**
TOTAL	**3,248,281**	**4,068,985**	**4,979,288**	**4,397,264**	**16,693,818**

NOTE 2.3 Loans andreceivables

ACCOUNTING PRINCIPLES

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits for credit institutions, commercial loans, overdrafts and other loans to customers. They also include the securities purchased from banks or customers under resale agreements, and the loans secured by notes and securities.

Only the amounts due and customer loans that meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the Bank to combine the accounts and exercise the right of offset.

The interest accrued on these receivables is recorded as Related receivables and recognised in the income statement under “Interest income and expenses”.

The fees and commissions received and the incremental transaction costs related to the granting of a loan (finder’s and handling fees) are comparable to interest and spread over the effective life of the loan.

The loan commitments recorded on the off-balance sheet reflect transactions that have not yet resulted in cash flows, such as the irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

If a commitment bears a proven credit risk that makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty’s commitment in accordance with the original terms of the contract, the corresponding outstanding loan is classified as a doubtful loan, despite the existence of a guarantee. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or if, regardless of any missed payments, it can be assumed that there is a proven risk, or if legal proceedings have been started.

If a loan to a given debtor is classified as doubtful, all the outstanding loans and commitments to that debtor are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Impairment for unrealised losses and for doubtful loans is recorded for the amount of probable loss (see Note 2.6).

Restructuring of loans and receivables

When an asset recorded under “Due from banks” or “Customer loans” is restructured, contractual changes that would not have been considered in other circumstances are made to the amount, term or financial conditions of the initial transaction approved by Societe Generale, due to the financial difficulties or insolvency of the borrower (whether this insolvency is proven or will definitely occur unless the debt is restructured). The restructured financial assets are classified as impaired and the borrowers are considered to be in default.

These classifications are maintained for at least one year and for as long as some uncertainty remains for Societe Generale as to the borrowers’ ability to meet their commitments. At the restructuring date, the carrying amount of the restructured financial asset is decreased to the present amount of the estimated new future recoverable cash flows discounted using the initial effective interest rate. This loss is booked in the income statement under “Cost of risk”. The restructured financial assets do not include the loans and receivables subject to commercial renegotiations.

Loans and receivables may be subject to commercial renegotiations provided that the borrowing customer is not experiencing financial difficulties and is not insolvent. Such transactions thus involve customers whose debt Societe Generale is willing to renegotiate in the interest of maintaining or developing a commercial relationship, in accordance with the credit granting rules, and without relinquishing any principal or accrued interest.

These renegotiated loans and receivables are derecognised as at the renegotiation date and replaced as at the same date on the balance sheet by the new loans, contractualised under the renegotiated conditions. These new loans are subsequently measured at amortised cost, based on the effective interest rate arising from the new contractual conditions and taking into account the renegotiation fees billed to the customer.

NOTE 2.3.1 DUE FROM BANKS

(In EURm)	31.12.2023	31.12.2022
Demand deposits and loans	**5,259**	**5,448**
Current accounts	4,652	4,571
Overnight deposits and loans	607	877
Loans secured by notes-overnight	-	-
Term accounts and loans	**214,360**	**211,336**
Term deposits and loans	84,078	94,231
Securities purchased under resale agreements	129,032	115,479
Subordinated and participating loans	548	989
Loans secured by notes and securities	-	-
Related receivables	702	637
Due from banks before impairment	**219,619**	**216,784**
Impairment	(18)	(34)
TOTAL(1)(2)	**219,601**	**216,750**

(1) *As at 31 December 2023 doubtful loans amounted to EUR 37 million (of which EUR 10 million were non-performing loans) against EUR 64 million as at 31 December 2022(of which EUR 27 million were non-performing loans as at 31 December 2022).*

(2) *Including amounts receivable from subsidiaries: EUR 81,410 million as at 31 December 2023 against EUR 92,322 million as at 31 December 2022.*

NOTE 2.3.2 CUSTOMER LOANS

(In EURm)	31.12.2023	01.01.2023	Effect of the merger	31.12.2022
Overdrafts	26,634	48,507	1,733	46,774
Discount of trade notes	1,469	1,659	227	1,432
Other loans(1)(2)(3)	346,106	366,205	50,670	315,535
Loans secured by notes and securities	84	246	-	246
Securities purchased under resale agreements	149,495	132,082	-	132,082
Related receivables	1,937	1,730	145	1,585
Customer loans before impairment	**525,725**	**550,429**	**52,775**	**497,654**
Impairment	(2,556)	(2,628)	(616)	(2,012)
TOTAL(4)(5)	**523,169**	**547,801**	**52,159**	**495,642**

(1) *Including pledged loans: EUR 89,869 million (EUR 89,132 million as at 31 December 2022) of which amounts eligible for refinancing with Banque de France: EUR 12,087 million as at 31 December 2023 (EUR 8,529 million as at 31 December 2022).*

(2) *Of which participating loans: EUR 3,703 million as at 31 December 2023 (EUR 2,241 million as at 31 December 2022).*

(3) *As at 31 December 2023 doubtful loans amounted to EUR 7,404 million (of which EUR 3,240 million were doubtful compromised loans) against EUR 5,517 million (of which EUR 2,097 million were doubtful compromised loans) as at 31 December 2022.*

(4) *Of which amounts receivable from affiliates: EUR 131,772 million as at 31 December 2023 (EUR 136,988 million as at 31 December 2022).*

(5) *Including restructured loans: EUR 4,346 million as at 31 December 2023 (EUR 4,138 million as at 31 December 2022.*

The detail of other loans is composed of:

(In EURm)	31.12.2023	01.01.2023	Effects of the merger	31.12.2022
Short-term loans	100,030	109,332	10,599	98,733
Export loans	11,661	12,929	9	12,920
Equipment loans	64,043	61,866	10,197	51,669
Housing loans	92,003	100,809	28,297	72,512
Lease financing agreements	-	-	-	-
Other loans	78,369	81,269	1,568	79,701
TOTAL	**346,106**	**366,205**	**50,670**	**315,535**

NOTE 2.3.3 COMMITMENTS GRANTED

(In EURm)	31.12.2023	31.12.2022
Loan commitments	**326,102**	**306,565**
To banks	99,370	84,295
To customers	226,732	222,270
Guarantee commitments	**223,514**	**233,347**
On behalf of banks	118,778	110,203
On behalf of customers	104,736	123,144

Commitments granted are those granted to affiliates for EUR 84,803 million as at 31 December 2023 (EUR 85,489 million as at 31 December 2022).

NOTE 2.3.4 SECURITISATION

ACCOUNTING PRINCIPLES

Loans and receivables transferred by Societe Generale to a securitisation undertaking (securitisation fund, securitisation vehicle or equivalent foreign undertaking) are derecognised and the gain or loss on sale calculated as the difference between the selling price and the carrying amount of the transferred loans or receivables is recognised in profit or loss.

If the transfer agreement contains an overcollateralisation clause, Societe Generale records on the assets side of its balance sheet, among the loans and receivables, a receivable for the part of the amount of transferred loans and receivables exceeding the selling price.

Ordinary units issued by a gaining securitisation undertaking and acquired or subscribed by Societe Generale are recorded as trading securities or as short-term investment securities according to their purpose.

Specific units, subordinated units and other financial instruments issued by the gaining securitisation undertaking and acquired or subscribed by Societe Generale as collateral for the benefit of the undertaking are recorded as short-term investment securities (see Note 2.1).

If Societe Generale makes a cash security deposit with the gaining securitisation undertaking to bear the losses resulting from the default of debtors of the loans and receivables transferred, it records such deposit on the assets side of its balance sheet under “Accruals”, other accounts receivable and other assets as a receivable from the securitisation undertaking, provided that the possible balance of the deposit will be allocated to it upon the liquidation of the securitisation undertaking.

If the guarantee granted by Societe Generale takes the form of a commitment by signature, it is recorded in the off-balance sheet as a guarantee commitment granted to customers or to banks, as the case may be.

On 24 February 2022, Societe Generale proceeded to a new securitization in order to substitute in the assets, housing loans against bonds which are eligible to the Euro system refinancing operations.

In this context, Societe Generale has transferred EUR 10,625 million of housing loans to a securitization mutual fund. To capitalize the acquisition, the fund has issued bonds which were fully subscribed by Societe Generale.

As at 27 January 2023, an additional purchase of bonds amounting to EUR 3,410 million has been performed.

As at 31 December 2023, the bonds are recognised in the assets on the balance sheet for a total amount of EUR 11,605 million as a result of the underlying housing loans partial amortization.

NOTE 2.4 Debts

ACCOUNTING PRINCIPLES

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand debt (demand deposits, current accounts) and term deposits due to banks, regulated savings accounts and other deposits due to customers. They also include the securities sold to banks and customers under repurchase agreements.

The interest accrued on these deposits is recorded as related payables with a counterpart entry in the income statement.

NOTE 2.4.1 DUE TO BANKS

(In EURm)	31.12.2023	31.12.2022
Demand deposits	**26,541**	**24,327**
Demand deposits and current accounts	26,541	24,327
Borrowings secured by notes - overnight	-	-
Term deposits	**192,989**	**212,249**
Term deposits and borrowings	192,989	212,249
Borrowings secured by notes and securities	-	-
Related payables	**2,285**	**732**
Securities sold under repurchase agreements	113,860	103,440
TOTAL	**335,675**	**340,748**

Related parties payables amount to EUR 121,121 million as at 31 December 2023 (EUR 125,274 million as at 31 December 2022).

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations – (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As with the two previous mechanisms, the level of remuneration of these borrowings depends on the performance of the borrowing banking institutions in granting credit facilities to their household customers (excl. real estate loans) and business customers (excl. financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and a temporary additional bonus applicable for the period from 24 June 2020 to 23 June 2021 (decrease by 50 basis points in the average interest rate of the deposit facility with a floor at -1%). These TLTRO III have been performed on a quarterly basis from September 2019 and December 2021, for a total of 10 potential draws. Each operation has a three-year term, with an early repayment option. Certain conditions have been modified in March 2020, in particular the loan production targets, interest rate conditions and drawdown limit, in order to further strengthen the support to credit granting at the time at the start of the Covid-19 crisis. In January 2021, the ECB decided to renew the temporary additional bonus for the period from 24 June 2021 to 23 June 2022 subject to the credit granting performance observed during a new reference period from 1 October 2020 to 31 December 2021.

Societe Generale subscribed to TLTRO III through quarterly drawdowns staggered between December 2019 and December 2021. As a result of the early repayments in the financial year 2023 amounting to EUR 28.7 billion, the residual amount of TLTRO loans on the liabilities side of the balance sheet amounted to EUR 24 billion at 31 December 2023, including EUR 4 billion provided by Crédit du Nord.

As at 31 December 2021, Societe Generale had already reached the objective of stability of the outstanding amount of eligible loans enabling it to benefit from the reduced interest rate as well as from two additional temporary bonuses applied respectively from 24 June 2020 to 23 June 2021 and from 24 June 2021 to 23 June 2022. The additional bonuses have been considered to determine the amount of interest recognised in the profit or loss for the TLTRO loans.

On 27 October 2022, the ECB modified the calculation method of the interest rate applying to the last period of TLTRO III. These new calculation procedures were applied as of 23 November 2022. As at 31 December 2023, the total cost of the TLTRO borrowings including interests and bonuses is between 1.40% and 3.10% depending on the draw dates. For the financial year 2023, the total amount of interests and bonuses on the TLTRO borrowings recorded as a deduction from Interest and similar expense amounts to EUR 1.2 billion.

NOTE 2.4.2 CUSTOMER DEPOSITS

(In EURm)	31.12.2023	01.01.2023	Effects of the merger	31.12.2022
Regulated savings accounts	**62,958**	**67,040**	**12,003**	**55,037**
Demand	46,166	47,900	9,293	38,607
Term	16,792	19,140	2,710	16,430
Other demand customer deposits	**187,650**	**216,802**	**35,267**	**181,535**
Businesses and sole proprietors	82,326	133,680	21,527	112,153
Individual customers	49,482	53,899	11,292	42,607
Financial customers	44,925	21,060	14	21,046
Others	10,917	8,163	2,434	5,729
Other term customer deposits	**218,204**	**201,894**	**5,364**	**196,530**
Businesses and sole proprietors	90,255	75,739	4,834	70,905
Individual customers	4,633	1,119	311	808
Financial customers	113,176	113,413	33	113,380
Others	10,140	11,623	186	11,437
Related payables	**2,057**	**1,130**	**11**	**1,119**
Securities sold to customers under repurchase agreements	**132,391**	**116,015**	**-**	**116,015**
TOTAL	**603,260**	**602,881**	**52,645**	**550,236**

Related parties due to customers amount EUR 125,533 million as at 31 December 2023 (EUR 137,465 million as at 31 December 2022).

NOTE 2.4.3 LIABILITIES IN THE FORM OF SECURITIES ISSUED

ACCOUNTING PRINCIPLES

The liabilities in the form of securities issued are classified by type of security: loan notes, interbank market certificates and negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under “Subordinated debt”.

The interest accrued is recorded as related payables with a counterpart entry in the income statement. Bond issuance and redemption premiums are amortised on a straight-line or actuarial basis over the life of the related borrowings. The resulting expense is recorded in the income statement under “Interest and similar expense”.

Bond issuance costs accrued over the period are all recorded as expenses for the period under “Interest and similar expense” in the income statement.

(In EURm)	31.12.2023	31.12.2022
Loan notes	-	-
Bond borrowings	-	-
Interbank market certificates and negotiable debt instruments	141,030	119,023
Related payables	1,278	590
TOTAL	**142,308**	**119,613**

Related parties payables amount for EUR 321 million as at 31 December 2023 (EUR 341 million as at 31 December 2022).

NOTE 2.4.4 COMMITMENTS RECEIVED

(In EURm)	31.12.2023	31.12.2022
Loan commitments received from banks	68,683	85,354
Guarantee commitments received from banks	74,541	62,807

Related parties commitments amount for EUR 8,042 million as at 31 December 2023 (EUR 10,517 million as at 31 December 2022).

NOTE 2.5 Interest income and expenses

ACCOUNTING PRINCIPLES

Interest income and expense are recognised in the income statement under “Interest and similar income” or “Interest and similar expense” for all the financial instruments measured at amortised cost using the effective interest rate method. The negative interest is deducted from the interest income and expense accounts related to these instruments.

The effective interest rate is the rate used to discount exactly the future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses, and it also includes the commissions paid or received between the parties to the contract where they may be assimilated to interest, the directly linked transaction costs, and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment loss, the subsequent interest income is recorded based on the effective interest rate used to discount the future cash flows when measuring the impairment loss.

Moreover, except for those related to employee benefits, the provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate used to discount the expected outflow of resources.

	2023			2022		
(In EURm)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**14,885**	**(12,790)**	**2,095**	**3,136**	**(3,143)**	**(7)**
Transactions with central banks, post office accounts and banks(1)	10,147	(8,328)	1,819	2,178	(1,934)	244
Securities sold under repurchase agreements and borrowings secured by notes and securities	4,738	(4,462)	276	958	(1,209)	(251)
Transactions with customers	**20,929**	**(17,647)**	**3,282**	**10,429**	**(7,127)**	**3,302**
Trade notes	20	-	20	16	-	16
Other customer loans	13,984	-	13,984	8,428	-	8,428
Overdrafts	1,549	-	1,549	479	-	479
Regulated savings accounts	-	(1,293)	(1,293)	-	(469)	(469)
Other customer deposits	-	(10,535)	(10,535)	-	(5,131)	(5,131)
Securities sold/bought under repurchase agreements and borrowings secured by notes and securities	5,376	(5,819)	(443)	1,506	(1,527)	(21)
Bonds and other debt securities	**5,453**	**(7,416)**	**(1,963)**	**2,401**	**(3,576)**	**(1,175)**
Other interest expenses and related income	**2,466**	**(3,640)**	**(1,174)**	**2,407**	**(3,318)**	**(911)**
TOTAL	**43,733**	**(41,493)**	**2,240**	**18,373**	**(17,164)**	**1,209**

(1) In 2022, the interests, then negative on TLTRO borrowing were deducted from expenses under “Transactions with central banks, post office accounts and banks”. (see Note 2.4).

The detail of other customer loans is composed of:

(In EURm)	2023	2022
Short-term loans	4,895	2,364
Export loans	536	323
Equipment loans	1,823	935
Housing loans	1,561	1,097
Other customer loans	5,169	3,709
TOTAL	**13,984**	**8,428**

NOTE 2.6 Impairment and provisions

NOTE 2.6.1 DETAILS OF THE PROVISIONS

ACCOUNTING PRINCIPLES

On the liabilities side of the balance sheet, the section entitled "Provisions comprises provisions on credit risk", on commitments related to mortgage savings accounts/plans (CEL/PEL), on forward financial instruments, on employee benefits, on tax adjustments and on risks and expenses.

(In EURm)	Amount as at 31.12.2022	Effects of the merger	Allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2023
Provisions on credit risk (See Note 2.6.2.2)	1,864	297	1,088	(1,229)	(2)	2,018
Provision on commitments related to mortgage saving agreements (PEL/CEL)	108	12	-	(8)	-	112
Provisions on forward financial instruments (See Note 2.6.4)	5,282	27	1,594	(1,886)	(340)	4,677
Provisions on employee benefits	1,717	135	462	(384)	8	1,939
Provisions for tax adjustments (See Note 5.2)	12	-	-	(1)	-	11
Other provisions on risks and expenses[1]	1,222	43	240	(530)	(8)	967
TOTAL	**10,205**	**514**	**3,384**	**(4,038)**	**(342)**	**9,723**

(1) Including provisions for legal disputes, fines, penalties and commercial disputes.

NOTE 2.6.2 IMPAIRMENT AND PROVISIONS FOR CREDIT RISK

GEOPOLITICAL CRISIS AND MACROECONOMIC CONTEXT

In 2023, Societe Generale revised the parameters used in the models of determination of the impairment and provisions for credit risk, based on the updated macroeconomic scenarios which take account of the recent economic developments and macroeconomic impacts related to the current geopolitical environment (see Note 1). To account for the uncertainties related to the macroeconomic and geopolitical environment, Societe Générale updated the model and post-model adjustments in 2023.

Furthermore, owing to the geopolitical context related to the war in Ukraine, all Russian counterparties (EUR 1.1 billion as at 31 December 2022) have been classified as underperforming assets from the beginning of the conflict. As at 31 December 2023, they amount to EUR 0.8 billion. An additional analysis has also made it possible to identify within this population, and this has been the case since the beginning of the war in Ukraine, the outstanding amounts requiring a transfer to doubtful outstanding amounts (EUR 0.2 billion). The amount of provisions and impairments for credit risk on these outstanding amounts to EUR 131 million as at 31 December 2023, of which EUR 28 million on outstanding amounts transferred to doubtful loans (EUR 259 million as at 31 December 2022, of which EUR 73 million on outstanding amounts transferred to doubtful outstandings).

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

To better reflect the deterioration of credit risk on certain portfolios or business segments, Societe Generale has updated existing adjustments in addition to the application of the models, such as sector adjustments and adjustments when using simplified models.

Sectoral adjustments make it possible to better anticipate the default or recovery cycle of certain sectors whose activity is cyclical and which have been subject to default peaks in the past or which are particularly exposed to current crises and whose exposure to the Bank exceeds a threshold reviewed and set each year by the Risk Direction.

Along the revision of these adjustments, whenever compatible with the provisioning horizon, a qualitative analysis of the possible impact of climate risks on the determination of the impairment and provisions for credit risks has been integrated (see the "Incorporating the environment in the risk management framework" section of Chapter 4 in the Universal Registration Document).

As at 31 December 2023, the adjustment regarding the additional criterion for transfer to underperforming loans set in 2020 following the Covid-19 crisis, has been removed.

NOTE 2.6.2.1 IMPAIRMENT FOR CREDIT RISK

ACCOUNTING PRINCIPLES

The value of impairment allowance for doubtful outstandings is equal to the difference between the gross carrying amount of the asset and the present value of the estimated future recoverable cash flows, taking into account any guarantees, discounted at the original effective interest rate. Furthermore, the amount of this impairment may not be less than the full amount of the interest not collected on the doubtful loan.

The effects of financial guarantees received to compensate losses on a portfolio of loans are recorded among assets impairment.

The impairment allowances, impairment reversals, losses on bad debts and recoveries of impaired debts are recognised under "Cost of risk", along with write-backs of impairment linked to the passage of time.

Doubtful loans can be reclassified as performing loans once the proven credit risk has been definitively eliminated and regular payments have resumed according to the original terms of the contract. Similarly, the doubtful loans that have been restructured can be reclassified as performing loans. When a loan is restructured, any difference between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, is discounted at the original effective interest rate.

The amount deducted is recognised under "Cost of risk". If the restructured loan is subsequently reclassified as a performing loan, this deduction is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, this loan is identified as a non-performing loan. A loan is classified as non-performing once the Bank has formally demanded payment, or when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans that have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

(In EURm)	Amount as at 31.12.2022	Effect of the merger	Net cost of risk	Other income statement	Used Reversals	Change in scope and reclassifying	Amount as at 31.12.2023
Banks	34	-	-	-	(17)	-	17
Customer loans	2,012	616	446	-	(432)	(86)	2,556
Other	84	-	14	-	-	(2)	96
TOTAL(1)	**2,130**	**616**	**460**	**-**	**(449)**	**(88)**	**2,669**

(1) Of which impairment for non-performing loans: EUR 2,081 million.

NOTE 2.6.2.2 PROVISIONS FOR CREDIT RISK

ACCOUNTING PRINCIPLES

Provisions for off-balance sheet commitments (provisions for commitments by signature)

Provisions for off-balance sheet commitments represent the Societe Generale's probable losses incurred by Societe Generale following the identification of a proven credit risk on an off-balance sheet financing or guarantee commitment that would not be considered as a derivative instrument or designated as financial assets at fair value through profit or loss.

Collective provisions for credit risk

Without waiting for the incurred credit risk to individually affect one or more receivables or commitments and in order to provide a better information regarding its activity, a provision is recognised by Societe Generale for the amount of credit losses that are expected to incur on performing outstandings over the next year.

12-month expected credit losses are calculated taking into consideration past data and the current situation. Accordingly, the amount of impairment equals to the present value of the expected credit losses, taking into account the probability of a default event occurring within the next 12 months and if any, the impact of collateral called up or liable to be called up.

Moreover, identification, amongst homogeneous portfolios, of a significant deterioration of the credit risk leads to the recognition of a provision for the amount of credit losses that are expected to incur on those underperforming outstandings over the life of the exposures (lifetime expected credit loss).

Lifetime expected credit losses are calculated taking into consideration past data, the present situation and reasonable forecasts of changes in economic conditions and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is equal to the present value of the expected credit losses, taking into account the probability of a default event occurring through to maturity, and, if need be, the impact of collateral called up or liable to be called up.

Changes in collective provisions for credit risk are recorded under "Cost of risk".

Comments related to the identification of the downgrading of credit risk:

To identify the exposures covered by the collective provision for credit risk, Societe Generale determines whether or not there is a significant increase in credit risk based on the available historical and prospective information (behaviour scoring, loan to value indicators, macroeconomic scenarios, etc.).

The assessment of changes in credit risk takes account of the following criteria:

- 1st criterion: changes in the counterparty's credit rating (where it is the subject of an internal analysis) as well as the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty that may be a sign of deteriorating credit risk;
- 2nd criterion: changes in the default probability contract by contract, from origination date to closing date;
- 3rd criterion: the existence of amounts past due of more than 30 days.

As soon as one of these criteria is met, the relative contract is impaired as described before.

(In EURm)	Amount as at 31.12.2022	Net cost of risk	Change in scope and reclassifying	Amount as at 31.12.2023
Provisions for off-balance sheet commitments to banks	7	(4)	-	3
Provisions for off-balance sheet commitments to customers	119	(25)	46	140
Collective provisions for credit risk on performing loans	436	25	97	558
Collective provisions for credit risk on under performing loans	1,302	(137)	152	1,317
TOTAL	**1,864**	**(141)**	**295**	**2,018**

NOTE 2.6.2.3 COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk includes allocations, net of reversals, to provisions and to impairment for credit risk, the bad debt losses and the amount of recoveries on loans written off.

(In EURm)	2023	2022
Net allocations to impairment and provisions for receivable and off-balance sheet commitments	(315)	(438)
Losses not covered and amounts of recoveries on loans written off	(166)	(161)
TOTAL	**(481)**	**(599)**
of which gain on revaluation of currency hedge of provisions	*3*	*1*

NOTE 2.6.3 COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS/PLANS (CEL/PEL)

ACCOUNTING PRINCIPLES

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers under French Law 65-554 of 10th July 1965. These saving schemes combine an initial phase when deposits are made in specific interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans to the depositors, on regulated terms and conditions, both phases being inseparable. Both the savings deposits collected and the loans granted are recognised at amortised cost.

These instruments create two types of commitments for Societe Generale: the obligation to subsequently lend to the customer at an interest rate established at the inception of the savings agreement and the obligation to remunerate customer savings for an indeterminate future period at an interest rate also established at the inception of the mortgage savings agreement.

As if it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Company: a provision is recorded on the liabilities side of the balance sheet. Any change in these provisions is recognised as net banking income under "Net interest income". These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between the different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of historical observed past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable based on the amount of balance sheet deposits at the date of calculation on one side and on the historical observed past customer behaviour on the other.

A provision is recorded if the discounted value of the expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated based on the interest rates offered to individual customers for equivalent savings and loan instruments (with similar estimated life and date of inception).

OUTSTANDING DEPOSITS IN MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2023	31.12.2022
Mortgage savings plans (PEL)	**14,726**	**14,687**
Less than 4 years old	638	458
Between 4 and 10 years old	5,407	6,988
More than 10 years old	8,681	7,241
Mortgage savings accounts (CEL)	**1,542**	**1,248**
TOTAL	**16,268**	**15,935**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2023	31.12.2022
Less than 4 years old	3	-
Between 4 and 10 years old	-	1
More than 10 years old	3	4
TOTAL	**6**	**5**

PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In EURm)	31.12.2022	Allocations	Reversals	31.12.2023
Mortgage savings plans (PEL)	**73**	**8**	**(45)**	**36**
less than 4 years old	1	-	-	1
between 4 and 10 years old	2	8	-	10
more than 10 years old	70	-	(45)	25
Mortgage savings accounts (CEL)	**35**	**-**	**41**	**76**
TOTAL	**108**	**8**	**(4)**	**112**

The level of provisions is sensitive to the long-term interest rates. The provisions of PEL and CEL mortgage savings accounts are linked to the risks attached to the commitment to remunerate the deposits. Since the long-term rates were increasing during 2023, the provisioning of PEL/CEL decreased. The provisioning for PEL/CEL savings amounted to 0.7% of the total outstandings as at the 31 December 2023.

METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the various market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the periods in question, in line with the Retail Banking Division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps *vs.* Euribor yield curve on valuation date, averaged over a 12-month period.

NOTE 2.6.4 PROVISIONS FOR FORWARD FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

Provisions on forward financial instruments are related to the unrealised losses calculated on homogeneous sets of forward financial contracts recognised in the balance sheet as isolated open positions

They are determined as the difference between the market value estimated as at the balance sheet closing date and that determined as at the previous balance sheet closing date. They are recognised in the balance sheet as provisions for probable risks and expenses. The changes in provisions thus calculated are recorded in net income under "Net income" from the trading portfolio.

(In EURm)	Amount as at 31.12.2022	Net allocations	Reversals	Change in scope and reclassifying	Amount as at 31.12.2023
Provisions for forward financial instruments	5,282	1,594	(1,886)	(313)	4,677

NOTE 2.6.5 IMPAIRMENT ON SECURITIES

ACCOUNTING PRINCIPLES

Short-term investment securities

SHARES AND OTHER EQUITY SECURITIES

At year-end, cost is compared to realisable value. For listed securities, the realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but an impairment of portfolio securities is recorded to cover unrealised capital losses, without this impairment being offset against any unrealised capital gains.

BONDS AND OTHER DEBT SECURITIES

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a impairment of portfolio securities is recorded to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of impairment for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under "Net income" from short-term investment securities in the income statement.

Long-term investment securities

At year-end, no impairment is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of impairment for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under "Net income" from long-term investments.

Affiliates, other long-term securities and investments in related parties

At year-end, affiliates, other long-term securities and investments in related parties are valued at their value in use, namely the price the Company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability (based on the business plans defined by the entities), and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but an impairment on portfolio securities is recorded to cover unrealised capital losses. Allocations to and reversals of impairment as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under "Net income" from long-term investments.

(In EURm)	31.12.2023	31.12.2022
Short-term investment securities	507	607
Long-term investment securities	-	-
Affiliates and other long-term securities	119	105
Investments in related parties	3,050	3,142
TOTAL	**3,676**	**3,854**

NOTE 2.6.6 OTHER PROVISIONS FOR RISKS AND EXPENSES

ACCOUNTING PRINCIPLES

The other provisions for risks and expenses are defined as liabilities with no precisely defined amount or due date.

They are only recorded if the Company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to this third party, without compensation for at least an equivalent amount being expected from it.

Net allocations to provisions are classified by type of risk in the corresponding sections of the income statement.

A description of the risks and disputes is provided in the Risk Management Report.

Information on the nature and the amount of the risks involved is not disclosed if Societe Generale estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the subject matter of the provision.

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Societe Generale is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, Societe Generale and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of Societe Generale's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Societe Generale entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, Societe Generale assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgement and taking into account all information available when financial statements are prepared. In particular, Societe Generale takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court rulings already handed down, as well as its experience and the experiences of other companies dealing with similar cases (assuming that Societe Generale has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, Societe Generale carries out a detailed examination of pending disputes that present a significant risk. These disputes are described in the Note 8 "Information on risks and litigation".

NOTE 3 OTHER ACTIVITIES

NOTE 3.1 Net fees for services

ACCOUNTING PRINCIPLES

Societe Generale recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recorded as income over the lifetime of the service. Fees for one-off services, such as fees on movements of fund, finder's fees received, arbitrage fees, or non-payment penalties are fully recognised in income when the service is provided.

In syndication deals, the effective interest rate for the portion of the funding retained on the asset side of the Societe Generale balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded in income when the placement is legally complete.

	2023			2022		
(In EURm)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	98	(44)	54	77	(38)	39
Transactions with customers	1,910	(40)	1,870	1,693	(33)	1,660
Securities transactions	616	(1,120)	(504)	453	(869)	(416)
Primary market transactions	417	-	417	55	-	55
Foreign exchange transactions and forward financial instruments	498	(578)	(80)	343	(470)	(127)
Loan and guarantee commitments	980	(526)	454	914	(554)	360
Services	2,126	-	2,126	1,785	-	1,785
Other	-	(385)	(385)	-	(424)	(424)
TOTAL	**6,645**	**(2,693)**	**3,952**	**5,320**	**(2,388)**	**2,932**

NOTE 3.2 Accruals, other assets and liabilities

NOTE 3.2.1 ACCRUALS, OTHER ACCOUNTS RECEIVABLES AND OTHER ASSETS

(In EURm)	31.12.2023	31.12.2022
Other assets	**110,357**	**130,051**
Guarantee deposits paid(1)	49,848	56,599
Miscellaneous receivables	3,207	2,578
Premiums on options purchased	56,144	69,484
Settlement accounts on securities transactions	1,042	1,282
Other	116	108
Accruals and similar	**48,485**	**58,764**
Prepaid expenses	515	523
Deferred taxes	3,081	2,969
Accrued income	3,064	1,828
Others(2)	41,825	53,444
Accruals, other accounts receivables and other assets before impairment	**158,842**	**188,815**
Impairment	(95)	(84)
TOTAL	**158,747**	**188,731**

(1) Mainly relates to guarantee deposits paid on financial instruments.
(2) Including derivative instruments valuation for EUR 32,832 million as at 31 December 2023 (EUR 44,005 million as at 31 December 2022).

NOTE 3.2.2 ACCRUALS, OTHER ACCOUNTS PAYABLES AND OTHER LIABILITIES

(In EURm)	31.12.2023	31.12.2022
Securities transactions	**83,533**	**75,213**
Amounts payable for borrowed securities	15,202	25,792
Other amounts due for securities	68,331	49,421
Other liabilities	**106,412**	**125,733**
Guarantee deposits received(1)	38,608	47,359
Miscellaneous payables	1,415	184
Premiums on options sold	64,872	76,100
Settlement accounts on securities transactions	1,344	1,806
Other securities transactions	-	19
Related payables	173	265
Accruals and similar	**36,668**	**35,579**
Accrued expenses	5,310	4,118
Deferred taxes	26	18
Deferred income	2,395	2,104
Other(2)	28,937	29,339
TOTAL	**226,613**	**236,525**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Including derivative instruments valuation for EUR 14,248 million as at 31 December 2023 (EUR 14,081 million as at 31 December 2022).

BREAKDOWN OF AMOUNTS PAYABLE FOR BORROWED SECURITIES

(In EURm)	31.12.2023	31.12.2022
GROSS BOOK VALUE OF AMOUNTS PAYABLE FOR BORROWED SECURITIES	**188,790**	**200,349**
Borrowed securities from trading securities deducted from related payables(1)	**173,588**	**174,557**
Treasury notes and similar securities	120,752	123,136
Shares and other equity securities	39,116	41,410
Bonds and other debt securities	13,720	10,011
NET TOTAL	**15,202**	**25,792**

(1) Including relent securities for EUR 31,465 million as at 31 December 2023 (EUR 39,358 million as at 31 December 2022).

NOTE 4 EXPENSES AND EMPLOYEE BENEFITS

NOTE 4.1 Personnel expenses and remuneration of members of the Board of Directors and Chief Executive Officers

ACCOUNTING PRINCIPLES

The Personnel expenses include all expenses related to the staff, notably the cost of the legal employee profit-sharing as well as the cost of internal restructuring plans.

Short-term employee benefits are recorded under "Personnel expenses" during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 4.2; those related to share-based payments are described in Note 4.3.

NOTE 4.1.1 PERSONNEL EXPENSES

(In EURm)	2023	2022
Employee compensation	4,020	3,616
Social security benefits and payroll taxes	1,772	1,522
Employer contribution, profit sharing and incentives	227	222
TOTAL	**6,019**	**5,360**
Average staff	**49,592**	**42,450**
In France	45,302	38,107
Outside France	4,290	4,343

A provision of 12 million euros was recorded to take into account, in France, the judgments of the Court of Cassation regarding the acquisition of rights to paid leave in the event of absence due to illness; this provision was calculated with three-year retroactivity.

In France, the Group has taken into account the effects of the Amending Social Security Financing Act of 14 April 2023 to assess its employee retirement obligations (impact of EUR 13 million under "Other general operating expenses").

Analysis of employer contribution, profit sharing and incentives for the last five years:

(In EURm)	2023	2022	2021	2020	2019
Societe Generale	**225**	**220**	**219**	**71**	**168**
Profit sharing	4	12	15	6	11
Incentives	146	144	163	22	99
Employer contribution	75	64	41	43	58
Branches	**2**	**2**	**-**	**-**	**-**
TOTAL	**227**	**222**	**219**	**71**	**168**

NOTE 4.1.2 REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2023 to the Company's Directors amounted to EUR 1.7 million. The remuneration paid in 2023 to the senior management (Chairman of the Board, the Chief Executive Officer and his Deputies) amounted to EUR 8.8 million (including EUR 3.6 million of variable pay paid in cash or in shares for 2016, and 2018 to 2021 fiscal years and EUR 0.44 million of long-term incentives paid in cash or in shares for 2017, 2019, 2020, 2021 and 2022 fiscal years).

NOTE 4.2 Employee benefits

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled within twelve months of the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- other long-term employee benefits are employee benefits that are not expected to be fully settled within twelve months, such as deferred variable compensation paid in cash and not indexed, long service awards and time saving accounts;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EURm)	Amount 31.12.2022	Effects of the merger	Net allowances	Used Reversals	Change at scope	Amount at 31 December 2023
Post-employment benefits	841	46	96	(82)	7	908
Other long-term benefits	728	34	96	(1)	(2)	855
Termination benefits	148	46	65	(96)	13	176
TOTAL	**1,717**	**126**	**257**	**(179)**	**18**	**1,939**

ACCOUNTING PRINCIPLES

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans limit the liability of Societe Generale to contributions paid into the plan but do not commit the bank to a specific level of future benefits. The contributions paid are recorded as an expense for the current year.

Defined benefit plans

Defined benefit plans commit Societe Generale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk. The present value of defined benefit obligations is valued by independent qualified actuaries.

Provisions are recognised on the liability side of the balance sheet under "Provisions" to cover all of these retirement obligations. They are regularly assessed by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Societe Generale can choose to finance defined benefit plans by assets held in a long-term employee benefit fund or by qualifying insurance policies.

Funding assets are classified as plan assets if these assets are held by an entity (a fund) that is legally separate from the reporting entity and are only intended to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the benefit obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately on the asset side of the balance sheet.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are recognised as actuarial gains or losses. They are recorded immediately and in full in the income statement.

Where a new or amended plan comes into force the cost of past services is recorded immediately and in full in the income statement.

An annual expense is recorded under "Personnel expenses" for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

Other long-term benefits

Other long-term employee benefits are those that are payable to employees for services rendered during their employment, but which are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Other long-term benefits are measured in the same way as post-employment benefits.

NOTE 4.2.1 DEFINED CONTRIBUTION PLANS

Main defined contribution plans provided to employees of Societe Generale are located in France. They include state pension plans and other national pension plan such as AGIRC-ARRCO, as well as pension schemes put in place by some branches of the Societe Generale for which the only commitment is to pay annual contributions (PERCO).

NOTE 4.2.2 POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS)

Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid in addition to pensions state plans.

In France, since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, the supplementary pension plan for executive managers, set up in 1991, is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(En M EUR)	31.12.2023	31.12.2022
A – Present value of defined benefit obligations	1,796	1,705
B – Fair value of plan assets	924	893
C – Fair value of separate assets	1,076	903
D – Change in assets ceiling	-	-
E – Unrecognised items	-	-
A - B - C + D - E = Net balance	**(204)**	**(91)**
On the liabilities side of the balance sheet	907	841
On the asset side of the balance sheet(1)	(1,111)	(932)

(1) This item includes excess in plan assets for EUR 35 million and separate assets for EUR 1,076 million as at 31 December 2023 against EUR 29 million and EUR 903 million as at 31 December 2022.

NOTE 4.2.3 INFORMATION REGARDING PLAN ASSETS

Funding assets include plan assets and separate assets.

The breakdown of the fair value of plan assets is as follows: 78% bonds, 10% equities and 12% other investments. Societe Generale's own financial instruments directly held are not significant.

Excess in funding assets amounted to EUR 333 million.

Employer contributions to be paid to post-employment defined benefit plans for 2024 are estimated at EUR 3.1 million.

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

(In percentage)	31.12.2023	31.12.2022
Discount rate		
France	3.15%	3.61%
United Kingdom	4.52%	4.80%
Other	3.85%	4.31%
Long-term inflation		
France	2.20%	2.45%
United Kingdom	3.10%	3.30%
Other	2.02%	2.07%
Future salary increase net of inflation		
France	1.93%	1.60%
United Kingdom	N/A	N/A
Other	1.15%	0.60%
Average remaining working lifetime of employees *(in years)*		
France	7.26	7.09
United Kingdom	2.36	2.93
Other	7.51	7.90
Duration *(in years)*		
France	11.64	11.70
United Kingdom	12.11	12.74
Other	12.58	13.52

The assumptions by geographical area are averages weighted by the present value of the Defined Benefit Obligation (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.

The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the variation in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed in the end of October and corrected at the end of December if the variation had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

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

The assumptions described above have been applied on post-employment benefit plans.

NOTE 4.3 Free share plans

ACCOUNTING PRINCIPLES

In the case of share purchase options and free shares plans granted to employees without issuance of new shares, a provision must be recorded for the loss that the entity expects to incur when it will deliver treasury shares to the employees.

This provision is recorded under "Personnel expenses" for an amount equal to the difference:

- between the closing market price of the treasury shares and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition cost of the treasury shares already held and the exercise price (zero in the case of free shares) if the entity has already purchased the treasury shares in order to be allocated to employees.

If vesting conditions such as service or performance conditions must be satisfied for Societe Generale employees to become entitled to shares, the expense shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of stock option plans, no expense shall be recorded for the treasury shares to be issued.

NOTE 4.3.1 MAIN TERMS OF THE FREE SHARE PLANS OF THE YEAR

The plans for employees for the year ended 31 December 2023 are briefly described below:

Issuer	**Societe Generale**
Year of grant	**2023**
Type of plan	**Performance shares**
Number of free shares granted	3,110,116
Shares delivered	445
Shares forfeited as at 31.12.2023	37,309
Shares outstanding as at 31.12.2023	3,072,362
Number of shares reserved as at 31.12.2023	3,072,362

The performance conditions are described in the "Corporate Governance" section of the present document.

NOTE 4.3.2 AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET AND THE EXPENSE OF THE YEAR

The amount of the debt recorded in the balance sheet for on-going plans is EUR 171 million as at 31 December 2023, and yearly expense is EUR 61 million.

NOTE 4.3.3 INFORMATION RELATED TO TREASURY SHARES FOR 2023 PLANS

The number of treasury shares acquired in relation to the 2022 plans is 1,724,707 for a cost of EUR 45 million.

Plans 2023 were partially covered during the year. At the end of December 2023, 553,611 treasury shares were acquired out of a total of 3,518,416 treasury shares.

NOTE 5 TAXES

ACCOUNTING PRINCIPLES

Current taxes

In the financial year 1989, Societe Generale opted to apply a tax consolidation regime. As at 31 December 2023, 190 subsidiaries had signed a tax consolidation agreement with Societe Generale.

Each of the integrated companies shall record in its accounts the tax debt to Societe Generale, determined in accordance with the application of the tax consolidation agreement.

Deferred taxes

Societe Generale applies the option allowing it to recognise deferred taxes in its annual financial statements.

Deferred taxes are recognised whenever Societe Generale identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities. They are calculated using the liability method, whereby the deferred taxes from previous years are adjusted to account for a change in tax rates. The impact of such change is recorded in the income statement under deferred taxes. Net deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set timeframe.

Deferred taxes are determined separately for each taxable entity (parent company and foreign branches) and are never discounted to present value.

NOTE 5.1 Income tax

(In EURm)	2023	2022
Current taxes	(60)	224
Deferred taxes	13	(142)
TOTAL	**(47)**	**82**

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter is set to 25% in 2023 (article 219 of the French Tax Code) plus the existing national contribution (CSB) of 3.3% (article 235 *ter* ZC of French Tax Code), *i.e.*, a compound tax rate of 25,83%.

Long-term capital gains on affiliates are exempt from this corporate tax, except for a 12% fee on the gross amount in a net long term capital gains situation (article 219 I a *quinquies* of the French Tax Code).

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to the taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate (article 216 of the French Tax Code).

NOTE 5.2 Provisions for tax adjustments

ACCOUNTING PRINCIPLES

Provisions for tax adjustment represent liabilities whose timing or amount cannot be determined precisely.

Provisions may be recorded only:

- when, by virtue of an obligation related to the corporate income tax toward a tax authority, Societe Generale will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange;
- and when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision, when this discounting has a significant impact. Charge to and reversals of provisions for tax adjustments are booked to current taxes in the income statement “Tax expenses/income”.

Information on the nature and the amount of the associated risks is not disclosed when Societe Generale considers that such disclosure could seriously undermine its position in a dispute with other parties on the subject matter of the provision.

(In EURm)	Amount as at 31.12.2022	Net allocations	Used reversals	Change in scope and reclassifying	Amount as at 31.12.2023
PROVISIONS FOR TAX ADJUSTMENTS	**12**	**-**	**(1)**	**-**	**11**

NOTE 5.3 Deferred tax assets

(In EURm)	31.12.2023	31.12.2022
Tax loss carryforwards	1,676	1,603
Gains on sales of assets to companies included in the tax consolidation, in France	(83)	(120)
Other (primarily relating to other reserves)	1,487	1,486
TOTAL	**3,080**	**2,969**

Societe Generale performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over three years (from 2024 to 2027) extrapolated to 2028, which corresponds to a “normative” year.

These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development which are detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the entity’s tax expertise. An extrapolation of the tax result is performed from 2028 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialization over the estimated timeframe for the absorption of the losses. These risks and uncertainties are in particular related to possible changes in applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialization of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

At 31 December 2023, the updated projections confirm the probability that Societe Generale will be able to offset the tax losses subject to deferred tax assets against future profits.

NOTE 5.4 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2023, based on the tax system of each franchise and a realistic projection of their tax income, the projected period for deferred tax asset recovery is indicated in the table below:

(In EURm)	31.12.2023	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	1,676		
o.w. French tax group	*1,572*	*Unlimited*[(1)]	*8 years*
o.w. US tax group	*88*	*20 years*[(2)]	*7 years*
others	*16*		

(1) *In accordance with the 2013 Finance Law, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.*

(2) *Tax losses generated before December 2011.*

As at 31 December 2023, deferred tax assets and liabilities not recognised on the asset side of the balance sheet concerned in particular:

(In EURm)	31.12.2023	31.12.2022
French tax group	930	520
Franchises in the United States of America	273	287
SG Singapore	80	82

For the France tax group, deferred tax assets of EUR 410 million could not be recognised at the end of December 2023, bringing the amount of unrecognised deferred tax assets in France to EUR 930 million. If tax projections improve, all or part of these deferred taxes may be recognised as deferred tax assets in future years.

In parallel, the unrecognised deferred tax assets of the US tax group decreased by EUR 49 million due to the recognition in the 2023 balance sheet of EUR 40 million deferred tax assets and a EUR -9 million foreign exchange effect.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 8).

"Pillar 2": tax reform – global minimum corporate tax rate ("globe" rules)

In October 2021, 137 of the 140 jurisdictions members of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) committed to the principle of establishing a global minimum corporate income tax rate of 15%. A set of rules, referred to as "Pillar 2" (or "globe rules"), published by the OECD on 20 December 2021, specifies the mechanism which will apply, in the states that will adopt it, to the profits by country of multinational groups with revenues exceeding EUR 750 million.

European Directive (EU) 2022/2523 incorporating the Pillar 2 rules was adopted and published in the Official Journal of the European Union on 22 December 2022. *Article 4* of the French Finance act for 2024 incorporates the directive into French law. The minimum level of tax will take the form of an additional "top-up" tax determined according to rules compliant with the directive. Transitional Safe Harbour set out by the OECD for the first three fiscal years are also included in the law. These rules apply from 1 January 2024 to Societe Generale, as parent company of the Societe Generale group, in respect of jurisdictions where the Group operates which would present an effective tax rate calculated according the rules of Pillar 2, lower than the minimum rate of 15%.

On 7 July 2023, the French Accounting Standards Board (*Autorité des Normes Comptables, ANC*), published Regulation No. 2023-02, approved by decree of 26 December 2023, amending ANC Regulation No. 2020-01 of 6 March 2020 relating to consolidated financial statements. This regulation, which is mandatory from 31 December 2023 with prospective effect, introduces an exemption from recognition of deferred tax assets and liabilities related to the application of the OECD Pillar 2 rules. For the preparation of its annual accounts at 31 December 2023, Societe Generale applies this exemption to the recognition of deferred taxes associated with additional taxes arising from Pillar 2 rules.

A project structure has been established to analyse the provisions of the Pillar 2 European Directive and take the necessary measures to comply with them as soon as they enter into force. According to initial estimates based on the available data (in particular data from the country-by-country reports of years 2021 and 2022), the effective Pillar 2 tax rates would exceed 15% in most jurisdictions in which the Societe Generale group operates. However, there is a limited number of jurisdictions in which a top-up tax would have to be paid. To date, Societe Generale does not anticipate any material impact of this reform. Because of the calculation complexity resulting from these rules and the changes in the Societe Generale group's consolidation scope, the effects of this reform are still being examined to refine the quantification in view of the first accounting recognition of any additional tax burden in Societe Generale's financial statements in 2024.

NOTE 6 SHAREHOLDER'S EQUITY

NOTE 6.1 Changes in shareholders' equity

(In EURm)	Capital Stock	Additional paid-in-capital	Legal reserve	Retained earnings			Net income of the period	Shareholders' equity
				Special reserves	Other reserves	Retained earnings		
As at 31 December 2021	**1,067**	**21,556**	**107**	**2,097**	**1,435**	**9,699**	**1,995**	**37,956**
2021 Income Allocation	-	-	-	-	-	1,995	(1,995)	-
Increase/Decrease in capital stock	(5)	(226)	(2)	-	-	-	-	(233)
Net income of the period	-	-	-	-	-	-	(260)	(260)
Dividends paid	-	-	-	-	-	(1,371)	-	(1,371)
Other movements	-	-	-	-	-	-	-	-
As at 31 December 2022	**1,062**	**21,330**	**105**	**2,097**	**1,435**	**10,323**	**(260)**	**36,092**
2022 Income Allocation	-	-	-	-	-	(260)	260	-
Increase/Decrease in capital stock	(58)	(1,069)	(6)	-	-	-	-	(1,133)
Net income of the period	-	-	-	-	-	-	3,350	3,350
Dividends paid	-	-	-	-	-	(1,363)	-	(1,363)
Other movements	-	(1)	-	1	-	(1)	-	(1)
As at 31 December 2023	**1,004**	**20,260**	**99**	**2,098**	**1,435**	**8,699**	**3,350**	**36,35045**

During the first semester of 2023 Societe Generale proceeded a capital reduction of EUR 52 million by cancelling 41,674,813 shares, with an impact on the issue premium of EUR 858.4 million and on the legal reserve of EUR 3.6 million.

During the second semester of 2023 Societe Generale proceeded:

- a capital increase reserved for employees of EUR 15.7 million, with a EUR 205.6 million issuing premium;
- a capital reduction of EUR 22 million by cancelling 17,777,697 shares, with an impact on the issue premium of EUR 416 million and on the legal reserve of EUR 2.2 million.

As at 31 December 2023, Societe Generale's fully paid-up capital amounts to EUR 1,003,724,927.50 and comprises 802,979,942 shares with a nominal value of EUR 1.25.

The dividends distribution performed by Societe Generale in 2023 amounted to EUR 1,363 million after elimination of treasury stock dividend for EUR 11 million.

NOTE 6.2 Proposed distribution of income

At the Annual General Meeting of 22 May 2024, the Board of Directors will propose an allocation of income for the year ended 31 December 2023 and dividend distribution under the following terms:

(In EURm)	**2023**
Net income	3,350
Unappropriated retained earnings	8,699
TOTAL INCOME TO BE APPROPRIATED	**12,049**
Dividend	723
Retained earnings	11,326
TOTAL APPROPRIATED INCOME	**12,049**

The dividend corresponds to EUR 0.90 per share with a par value of EUR 1.25.

The amount of dividend of EUR 723 million to be paid to shareholders is calculated on the basis of an existing number of shares as at 31 December 2023.

NOTE 6.3 Net earnings per share

(In EURm)	**31.12.2023**	**31.12.2022**
Net income attributable to ordinary shareholders	**3,350**	**(260)**
Weighted average number of ordinary shares outstanding	799,315,070	822,437,425
Earnings per ordinary share (in EUR)	**4.19**	**(0.32)**
Average number of ordinary shares used in the dilution calculation[1]	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	799,315,070	822,437,425
Diluted earnings per ordinary share (in EUR)	4.37	(0.32)

(1) The number of shares used in the dilution calculation is computed using the “share buy-back” method and takes into account free shares issues and stock-option plans.

NOTE 6.4 Subordinated debt

ACCOUNTING PRINCIPLES

This item includes borrowings, whether or not in the form of securitised debt, with fixed-term or undetermined duration, which in the event of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Any accrued interest payable in respect of subordinated debt is recorded as related payables and as an expense in the income statement.

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2023	31.12.2022
Undated deeply subordinated capital notes					
18 December 2013	USD	1750	Undetermined duration	-	1,641
29 September 2015	USD	1250	Undetermined duration	1,131	1,172
6 April 2018	USD	1250	Undetermined duration	1,131	1,172
4 October 2018	USD	1250	Undetermined duration	-	1,172
16 April 2019	SGD	750	Undetermined duration	514	524
12 September 2019	AUD	700	Undetermined duration	430	446
18 November 2020	USD	1500	Undetermined duration	1,358	1,406
26 May 2021	USD	1000	Undetermined duration	905	938
15 July 2022	SGD	200	Undetermined duration	137	140
22 November 2022	USD	1500	Undetermined duration	1,358	1,406
18 January 2023	EUR	1000	Undetermined duration	1,000	-
14 November 2023	USD	1250	Undetermined duration	1,131	-
SUB-TOTAL				**9,095**	**10,017**
Subordinated long-term debts and notes					
21 July 2000	EUR	78	31 July 2030	5	6
16 August 2005	EUR	226	18 August 2025	216	216
07 April 2008	EUR	250	6 April 2023	-	155
15 April 2008	EUR	321	15 April 2023	-	321
28 April 2008	EUR	50	6 April 2023	-	50
14 May 2008	EUR	90	6 April 2023	-	90
14 May 2008	EUR	50	6 April 2023	-	50
14 May 2008	EUR	150	6 April 2023	-	150
30 May 2008	EUR	79	15 April 2023	-	79
10 June 2008	EUR	300	12 June 2023	-	260
30 June 2008	EUR	40	30 June 2023	-	40
07 June 2013	EUR	1000	7 June 2023	-	1000
17 January 2014	USD	1000	17 January 2024	905	938
23 February 2018	EUR	1000	23 February 2028	-	1000
27 February 2015	EUR	1250	27 February 2025	1,250	1250
14 April 2015	USD	1500	14 April 2025	1,358	1406
15 April 2015	EUR	150	7 April 2026	150	150
10 June 2015	AUD	50	10 June 2025	31	32
12 June 2015	JPY	27800	12 June 2025	178	198
12 June 2015	JPY	2500	12 June 2025	16	18
22 July 2015	USD	50	23 July 2035	45	47
30 September 2015	JPY	20000	30 September 2025	128	142
21 October 2015	EUR	70	21 October 2026	70	70
24 November 2015	USD	1000	24 November 2025	905	938
24 November 2015	USD	500	24 November 2045	452	469

(In million) Issuance date	Currency	Amount issued	Maturity date	31.12.2023	31.12.2022
03 June 2016	JPY	15000	03 June 2026	96	107
27 June 2016	USD	500	27 June 2036	452	469
20 July 2016	AUD	325	20 July 2028	-	207
19 August 2016	USD	1000	19 August 2026	905	938
13 October 2016	AUD	150	13 October 2026	92	96
16 December 2016	JPY	10000	16 December 2026	64	71
24 January 2017	AUD	200	24 January 2029	123	127
19 May 2017	AUD	500	19 May 2027	400	414
7 March 2018	JPY	6500	7 March 2028	-	46
13 April 2018	JPY	6500	13 April 2028	-	46
17 April 2018	JPY	6500	17 April 2028	-	46
24 October 2018	JPY	13100	24 October 2028	-	93
18 April 2019	AUD	300	18 April 2034	184	191
8 July 2020	USD	500	08 July 2035	452	469
24 November 2020	EUR	1000	24 November 2030	1,000	1000
1 March 2021	USD	1000	1 March 2041	905	938
1 April 2021	EUR	1000	30 June 2031	1,000	1000
30 June 2021	JPY	7000	30 June 2031	45	49
19 July 2021	JPY	7000	12 July 2032	45	49
9 December 2021	AUD	80	9 December 2036	49	51
19 January 2022	USD	750	21 January 2043	679	703
15 June 2022	USD	1250	15 June 2033	1,131	1172
5 September 2022	EUR	500	6 September 2032	500	500
20 October 2022	JPY	10000	20 October 2032	64	71
10 January 2023	USD	1000	10 January 2053	905	0
2 June 2023	EUR	1000	2 June 2033	1,000	0
19 October 2023	JPY	5100	19 October 2033	34	0
SUB-TOTAL(1)				**15,834**	**17,928**
Related payables				**361**	**366**
TOTAL(1)(2)				**25,290**	**28,311**

(1) The Bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,441 million in 2023 (compared with EUR 1,326 million in 2022).

(2) Debt with related parties has been reimbursed as at 31 December 2023 (EUR 43 million as at 31 December 2022).

Societe Generale is entitled to cancel the remuneration of the perpetual subordinated debt issued.

As a general rule, subordinated debt may include an early repayment clause at the option of Societe Generale, which may take place no earlier than in its fifth year.

NOTE 7 OTHER INFORMATION

NOTE 7.1 Geographical breakdown of net banking income[1]

	France		Europe		Americas	
(In EURm)	2023	2022	2023	2022	2023	2022
Net interest and similar income[2]	4,975	2,951	294	446	463	460
Net fee income	3,407	2,407	293	322	146	114
Net income from financial transactions	1,543	4,566	1,120	1,163	(120)	(2)
Other net operating income	(402)	(246)	74	47	(2)	1
NET BANKING INCOME	**9,523**	**9,678**	**1,781**	**1,978**	**487**	**573**

	Asia/Oceania		Total	
(In EURm)	2023	2022	2023	2022
Net interest and similar income[2]	65	168	5,797	4,025
Net fee income	106	89	3,952	2,932
Net income from financial transactions	428	259	2,971	5,986
Other net operating income	2	1	(328)	(197)
NET BANKING INCOME	**601**	**517**	**12,392**	**12,746**

(1) *Geographical regions in which companies recording income is located.*
(2) *Including dividend income and net income from lease financing and similar agreements.*

NOTE 7.2 Tangible and intangible fixed assets

ACCOUNTING PRINCIPLES

Tangible or intangible fixed assets include operating premises, investment property, software, etc.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortization and impairment. The purchase price of fixed assets include borrowing costs incurred to fund a lengthy construction period, along with all other directly attributable expenses. Software created in-house is recognised for its direct cost of development, that includes external expenditure on hardware and services and personnel costs directly attributable to the production and the preparation of the asset for use.

As soon as they are ready for use, tangible assets are depreciated using a component-based approach. Each component is depreciated over its own useful life.

For operating premises and investment property, the depreciation periods of the different components are between 10 to 50 years.

Infrastructures	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Techical installations	Elevators	10-30 years
	Electrical installations	10-30 years
	Electrical generators	
	Air conditioning, extractors	
	Technical wiring	
	Securities and surveillance installations	
	Plumbing	
	Fire and safety equipment	
Fixtures and fittings	Finishing, surroundings	10 years

For the other fixed assets, depreciation periods have been defined based on the useful life of the assets considered which is generally estimated between three to twenty years.

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or aquired	3-8 years
Concessions, patents, licences, etc.	5-20 years

If any, the depreciable value of each asset or component is reduced for its residual value. In the event of a subsequent decrease or increase of the residual value initially retained, the adjustment of the depreciable base shall affect the depreciation or amortisation plan of the asset prospectively.

Depreciation or amortisation allowances are recognised in the income statement under “Impairment, amortisation and depreciation”.

Gains or losses on disposal of operating assets are recorded in Net gains or losses on other assets.

NOTE 7.2.1 CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EURm)	31.12.2022	Effects of the merger	01.01.23	Acquisition/ Allocations	Disposals/ Reversals	Scope variation and other movements	31.12.2023
Intangible assets							
Gross book value	5,403	1,013	6,416	381	(530)	(55)	6,212
Impairment and amortisation	(3,518)	(538)	(4,056)	(364)	519	3	(3,898)
Tangible operating assets							
Gross book value	3,694	727	4,421	187	(145)	44	4,507
Impairment and depreciation	(2,601)	(532)	(3,133)	(272)	139	3	(3,263)
Tangible non-operating assets							
Gross book value	9	13	22	-	(1)	(4)	17
Impairment and depreciation	(7)	(9)	(16)	-	-	3	(13)
TOTAL	**2,980**	**674**	**3,654**	**(68)**	**(18)**	**(6)**	**3,562**

NOTE 7.2.2 NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

The Net income from long-term investments items cover the capital gains or losses realised on disposals, as well as the net allocation to impairment of operating fixed assets. Income from non-operating assets is recorded under net banking income.

(In EURm)	31.12.2023	31.12.2022
Operating fixed assets:		
Gains on sale	4	17
Losses on sale	(2)	(3)
TOTAL	**2**	**14**

NOTE 7.3 Breakdown of assets and liabilities by term of maturity

(In EURm)	Outstanding as at 31 December 2023					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/branches	Total
Assets	**432,730**	**176,364**	**299,929**	**167,448**	**(215,533)**	**860,938**
Due from banks	234,975	68,789	105,982	24,862	(215,007)	219,601
Customer loans	178,151	62,387	178,427	104,730	(526)	523,169
Bonds and other debt securities:	19,604	45,188	15,520	37,856	-	118,168
Trading securities	*11,729*	*33,010*	*3,954*	*80*	-	*48,773*
Short-term investment securities	*7,491*	*9,074*	*119*	*72*	-	*16,756*
Long-term investment securities	*384*	*3,104*	*11,447*	*37,704*	-	*52,639*
Liabilities	**734,697**	**190,950**	**248,012**	**123,116**	**(215,532)**	**1,081,243**
Due to banks	242,194	85,154	158,382	64,839	(214,894)	335,675
Customer deposits	468,379	77,172	33,391	24,955	(637)	603,260
Liabilities in the form of securities issued	24,124	28,624	56,239	33,322	(1)	142,308

NOTE 7.4 Transactions in foreign currencies

ACCOUNTING PRINCIPLES

Gains and losses arising from ordinary activities in foreign currencies are recognised in the income statement. Outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. unrealized gains and losses are recognised in the income statement. premiums and discounts resulting from hedged forward foreign exchange transactions are amortized to the income statement on a straight-line basis over the remaining maturity of these transactions.

(In EURm)	31.12.2023				31.12.2022			
	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	669,433	672,297	409,749	412,511	653,595	656,457	316,771	342,021
USD	487,942	486,300	877,179	843,198	420,317	418,187	785,562	734,925
GBP	56,194	55,818	154,087	147,493	79,238	79,213	201,577	201,147
JPY	80,104	79,589	112,298	143,530	69,360	68,777	98,327	123,035
Other currencies	95,714	95,383	511,992	529,395	107,450	107,326	472,245	477,458
TOTAL	**1,389,387**	**1,389,387**	**2,065,305**	**2,076,127**	**1,329,960**	**1,329,960**	**1,874,482**	**1,878,586**

NOTE 7.5 Establishments in non-cooperative states or territories

Since 2013, Societe Generale has defined strict internal rules to prevent developing any establishment in an extended list of countries that could become non cooperative states or territories or generate a reputational risk. Any establishment or development of new activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Compliance and Risk Divisions.

Since 2010, Societe Generale has decided to close (and has therefore taken the necessary steps to do so) all the Societe Generale's operations in countries and territories deemed non-cooperative by France that do not meet the criteria of the strict policy regarding tax havens established in the tax Code of Conduct. The list was updated by the Ministerial order of 3 February 2023 (published on 5 February 2023).

As of 31 December 2023, Societe Generale did not directly or indirectly own any business in the States and territories concerned.

NOTE 7.6 Table of subsidiaries and affiliates

TABLE OF SUBSIDIARIES AND AFFILIATES

(In EURk or local currency)

Company/Head Office or Establishment	Activity/Division	2023	Registered capital *(local currency)* (1)	Shareholders' equity other than capital *(local currency)* (1)	Share of capital held *(in %)*
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL					
A) Subsidiaries (more than 50 % owned by Societe Generale)					
SG AMERICAS SECURITIES HOLDINGS, LLC	**Brokerage**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	1,430,976	1,803,368	100.00
SG FINANCIAL SERVICES HOLDING	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,641,835	214,175	100.00
SOCIETE GENERALE INTERNATIONAL LIMITED	**Brokerage and clearing**				
One Bank Street – Canary Wharf – London E14 4SG – United Kingdom	Global Banking and Investor Solutions	GBP	1,150,000	178,306	100.00
GENEFINANCE	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,000,000	237,567	100.00
SG KLEINWORT HAMBROS LIMITED	**Asset management**				
One Bank Street - Canary Wharf - London E14 4SG - United Kingdom	Global Banking and Investor Solutions	GBP	466,651	(74 ,961)	100.00
SOCIETE GENERALE REAL ESTATE	**Real estate and real estate financing**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	327,112	32,745	100.00
SOCIETE GENERALE SECURITIES JAPAN LIMITED	**Brokerage**				
1-1, Marunouchi 1-chome, Chiyoda-ku – Tokyo – Japan	Global Banking and Investor Solutions	JPY	35,765,000	40,276,000	100.00
SOGEMARCHE	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	440,000	192	100.00
SOCIETE GENERALE SECURITIES SERVICES SPA	**Credit institution**				
Via Benigno Crespi, 19 A (MAC2) – 20159 Milan – Italy	Global Banking and Investor Solutions	EUR	111,309	257,406	100.00
FIDITALIA SPA	**Consumer finance**				
Via Guglielmo Silva n°34 – 20149 Milan – Italy	International Retail Banking and Financial Services	EUR	130,000	289 ,919	100.00
SALINGER S.A.	**Portfolio management**				
2, rue Hildegard von Bingen – Luxembourg – Luxembourg	Global Banking and Investor Solutions	EUR	100	313,552	100.00
BANCO SOCIETE GENERALE BRASIL S/A	**Investment banking**				
Avenida Paulista, 2300 – Cerqueira Cesar – 01310-300 – São Paulo – SP – Brasil	Global Banking and Investor Solutions	BRL	2,956,929	(1,264,558)	100.00
SOCIETE GENERALE (CHINA) LIMITED	**International retail banking**				
F15, West Tower Genesis, 8 Xinyuannan Street – Chaoyang District – 100027 Beijing – China	Global Banking and Investor Solutions	CNY	4,000,000	355,598	100.00

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2023							
Book value of shares held		**Unreimbursed loans and advances made by the Company** *(in EUR)*	**Guarantees given by the Company** *(in EUR)*	**Revenue excluding tax for the last financial year** *(local currency)* [(1)(2)(3)]	**Net income (gain or loss) for the last financial year** *(local currency)* [(1)(3)]	**Dividends received by the Company during the year** *(in EUR)*	**Remarks**
Gross *(in EUR)*	**Net** *(in EUR)*						**Revaluation differences**
2,970,450	2,970,450	0	0	631,132	238,845	0	1 EUR = 1.105 USD
2,136,144	2,136,144	2,078,521	0	879,221	876,162	1,135,269	
1,606,373	1,606,373	3,727,963	1,562,927	310,884	156,870	224,437	1 EUR = 0.86905 GBP
1,076,025	1,076,025	416,075	0	111,237	156,458	246,000	
605,985	605,985	0	0	184,653	43,021	138,656	1 EUR = 0.86905 GBP
586,505	586,505	0	0	45,342	44,903	34,445	
496,958	496,958	291,070	382	26,663,000	5,220,000	24,945	1 EUR = 156.33 JPY
460,400	460,400	0	0	27,277	6,025	2,300	
745,062	419,691	0	100,000	157,843	42,822	0	
340,974	340,974	3,929,320	0	251,901	78,489	36,002	
315,184	315,184	0	0	5,222	5,120	0	
915,615	283,251	0	2,859	232,033	27,682	0	1 EUR = 5.3618 BRL
414,836	255,570	196,947	0	406,249	122,840	0	1 EUR = 7.8509 CNY

(In EURk or local currency)		2023			
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)* (1)	**Shareholders' equity other than capital** *(local currency)* (1)	**Share of capital held** *(in %)*
SOGECAMPUS	**Real estate**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	241,284	45,199	100.00
SOCIETE GENERALE CAPITAL CANADA INC.	**Brokerage**				
1501 Avenue McGill College – Suite 1800 H3A 3M8 – Montreal -Canada	Global Banking and Investor Solutions	CAD	345,042	94,172	100.00
GENEGIS I	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	192,900	14,309	100.00
SOCIETE GENERALE ALGERIE	**International retail banking**				
Residence EL KERMA – Gue de Constantine, Wilaya d'Alger – 16105 – Algeria	International Retail Banking and Financial Services	DZD	20,000,000	33,405,656	100.00
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	76,627	3 ,228	100.00
SG SECURITIES KOREA CO, LTD	**Business consulting**				
24th Floor, D1 D-Tower, 17 Jong-ro 3-gil, Jongno-gu – Seoul – South Korea	Global Banking and Investor Solutions	KRW	205,500,000	157,275,930	100.00
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	120,030	216,051	100.00
SG AMERICAS, INC.	**Investment banking**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	0	396,759	100.00
SG VENTURES	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	94,421	(2,626)	100.00
SG SECURITIES (SINGAPORE) PTE. LTD.	**Brokerage**				
8 Marina Boulevard – #12-01 – Marina Bay financial Centre Tower 1 – 018981 – Singapore – Singapore	Global Banking and Investor Solutions	SGD	99,156	6,403	100.00
ETOILE CAPITAL	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	50,400	12,672	100.00
STAR LEASE	**Rental and Real Estate Lease**				
59, boulevard Haussmann – 75008 Parris – France	French Retail Banking	EUR	55,000	96,767	100.00
SG FACTORING SPA	**Factoring**				
Via Trivulzio n. 7 – 20146 Milan – Italy	Global Banking and Investor Solutions	EUR	11,801	37,323	100.00
ORPAVIMOB	**Real estate and real estate financing**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	44,253	6,588	100.00

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2023							Remarks
Book value of shares held		Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency) (1)(2)(3)	Net income (gain or loss) for the last financial year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	
Gross (in EUR)	Net (in EUR)						Revaluation differences
241,284	241,284	72,707	0	23,310	2,697	0	
235,156	235,156	0	0	58,457	19,251	0	1 EUR = 1.4642 CAD
196,061	196,061	14,335	0	222,135	(5,019)	3,086	
180,626	180,626	0	42,535	26,524,526	8,597,476	36,992	1 EUR = 148.4472 DZD
155,837	155,837	0	0	390	400	1,622	
143,489	143,489	0	0	89,698,100	22,868,510	0	1 EUR = 1433.66 KRW
119,992	119,992	55,000	0	10,508	(43,865)	0	
							capital = 1 USD
1,573,453	111,633	0	0	(2,929)	(2,824)	0	1 EUR = 1.105 USD
94,421	94,421	0	0	(6,679)	(6,984)	0	
103,058	72,479	0	0	28,769	13,354	22,493	1 EUR = 1.4591 SGD
57,977	57,977	0	0	(3,127)	(4,024)	5,320	
55,000	55,000	1,566,409	119,869	0	10,991	0	
46,100	46,100	1,271,594	2,350,000	14,366	5,054	0	
44,253	44,253	0	0	12,218	2,528	4,155	

(In EURk or local currency) Company/Head Office or Establishment	Activity/Division	2023	Registered capital (local currency) (1)	Shareholders' equity other than capital (local currency) (1)	Share of capital held (in %)
SG AMERICAS OPERATIONAL SERVICES LLC (SGAOS)	**Transversal services company**				
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington – Delaware – USA	Global Banking and Investor Solutions	USD	716	68,757	100.00
SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	**Brokerage on equity markets**				
Level 25, 1-7 Bligh Street – NSW 2000 – Sydney – Australia	Global Banking and Investor Solutions	AUD	100,000	(42,723)	100.00
SG AUSTRALIA HOLDINGS LTD	**Portfolio management**				
Level 25, 1-7 Bligh street – NSW 2000 – Sydney – Australia	Global Banking and Investor Solutions	AUD	19,500	695	100.00
SOGELEASE B.V.	**Leasing and financing**				
Amstelplein 1 – 1096 HA Amsterdam – 1090 GB – Amsterdam – Netherland	Global Banking and Investor Solutions	EUR	2,269	7,966	100.00
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG KONG)	**Investment banking**				
Level 38, Three Pacific Place, 1 Queen's Road East, Hong-Kong	Global Banking and Investor Solutions	USD	154,972	148,394	100.00
SOCIETE GENERALE EQUIPMENT FINANCE SA	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	International Retail Banking and Financial Services	EUR	201,397	12,520	100.00
SOCIETE GENERALE SFH	**Credit institution**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	375,000	355,373	100.00
BOURSORAMA SA	**Online banking**				
44, rue Traversiere – 92100 Boulogne-Billancourt – France	French Retail Banking	EUR	51,171	759,428	100.00
SOCIETE GENERALE IMMOBEL	**Online banking**				
Rue des Colonies 11 – 1000 Bruxelles – Belgique	French Retail Banking	EUR	18,562	2,005	100.00
SOCIETE GENERALE SCF	**Mortgages**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	150,000	160,701	100.00
VALMINVEST	**Office space**				
29 boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	248,877	13,535	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**				
17, cours Valmy – 92800 Puteaux – France	Global Banking and Investor Solutions	EUR	12,487	66	100.00
SOCIETE DE LA RUE EDOUARD VII	**Office space**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	11,396	1,733	100.00

(1) *For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.*
(2) *For banking and finance subsidiaries, revenue refers to net banking income.*
(3) *Financial statements not yet audited for French companies.*

2023							
Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Revenue excluding tax for the last financial year	Net income (gain or loss) for the last financial year	Dividends received by the Company during the year	Remarks
Gross *(in EUR)*	Net *(in EUR)*	*(in EUR)*	*(in EUR)*	*(local currency)* [1][2][3]	*(local currency)* [1][3]	*(in EUR)*	Revaluation differences
42,365	42,365	0	0	7,209	38,827	0	1 EUR = 1.105 USD
62,745	31,218	101,457	245,957	10,546	(4,714)	0	1 EUR = 1.6263 AUD
12,033	11,872	0	0	35,767	28,913	16,450	1 EUR = 1.6263 AUD
18,000	10,301	508,664	0	(579)	(892)	0	
146,513	146,513	219,028	0	438,240	133,509	153,514	1 EUR = 1.105 USD
281,549	281,549	603,146	0	23,895	37,543	58,800	
375,000	375,000	107,151	54,889,499	648,603	73,988	0	
1,468,841	1,468,841	10,193,432	0	387,997	35,362	0	
18,561	18,561	0	0	970	602	1,103	
150,000	150,000	0	16,711,845	35,874	21,851	0	
249,427	249,427	0	0	16,972	10,185	9,303	
237,555	12,553	355	0	0	-37	0	
59,634	23,698	0	0	0	152	0	

(In EURk or local currency)		2023			
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)* (1)	**Shareholders' equity other than capital** *(local currency)* (1)	**Share of capital held** *(in %)*
PAYXPERT SERVICES LIMITED	**Enterprise Support Services Delivery**				
30, Churchill place – E14 5RE – London – United Kingdom	International Retail Banking and Financial Services	EUR	0	12,181	99.72
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	**Investment banking**				
One Bank Street - Canary Wharf - London E14 4SG - United Kingdom	Global Banking and Investor Solutions	GBP	157,819	117,410	98.96
SOGEFINANCEMENT	**Retail banking**				
53, rue du Port – CS 90201 – 92724 Nanterre Cedex – France	French Retail Banking	EUR	13,966	1,418,538	95.96
SOCIETE GENERALE MAURITANIE	**International retail banking**				
Ilot A N°652 – Nouakchott – Mauritania	International Retail Banking and Financial Services	MRU	1,000,000	(401,015)	95.50
TREEZOR	**Electronic money institution**				
33, Avenue de Wagram – 75017 Paris – France	Corporate Centre	EUR	5,308	0	95.35
SHINE	**Online banking**				
5, rue Charlot - 75003 Paris - France	French Retail Banking	EUR	4	(33,050)	93.97
BANQUE DE POLYNESIE	**Retail banking**				
355, boulevard Pomare, BP 530, 98713 Papeete – Ile de Tahiti – French Polynesia	International Retail Banking and Financial Services	XPF	1,380,000	9,463,934	72.10
SOCIETE GENERALE DE BANQUES EN COTE D'IVOIRE	**International retail banking**				
5/7, avenue Joseph Anoma – Abidjan – Ivory Coast	International Retail Banking and Financial Services	XOF	15,555,555	283,038,430	71.84
ALD	**Automobile leasing and financing**				
1-3, rue Eugene et Armand Peugeot – Le Corosa – 92500 Rueil Malmaison- France	International Retail Banking and Financial Services	EUR	1 ,225 ,441	5,842,755	68.97
KOMERCNI BANKA A.S	**International retail banking**				
Na Prikope 33 – Building Register number 969 – P rague 1 – Czech Republic	International Retail Banking and Financial Services	CZK	19,004,926	89,277,295	60.35
BRD – GROUPE SOCIETE GENERALE	**International retail banking**				
B-dul Ion Mihalache Nr 1 7 – Sector 1 – Bucarest – Roumania	International Retail Banking and Financial Services	RON	696,902	7,312,744	60.17
SOCIETE GENERALE CAMEROUN	**International retail banking**				
78, Avenue Joss – Douala – Cameroon	International Retail Banking and Financial Services	XAF	12,500,000	101,473,250	58.08
SG MAROCAINE DE BANQUES	**International retail banking**				
55 boulevard Abdelmoumen – 20100 – Casablanca – Morocco	International Retail Banking and Financial Services	MAD	2,152,500	10,914,075	57.67

(1) *For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.*
(2) *For banking and finance subsidiaries, revenue refers to net banking income.*
(3) *Financial statements not yet audited for French companies.*

2023							Remarks
Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Revenue excluding tax for the last financial year	Net income (gain or loss) for the last financial year	Dividends received by the Company during the year	
Gross *(in EUR)*	Net *(in EUR)*	*(in EUR)*	*(in EUR)*	*(local currency)* (1)(2)(3)	*(local currency)* (1)(3)	*(in EUR)*	Revaluation differences
33,600	33,600	0	0	182	(934)	0	
190,995	190,995	2,684,164	0	6,199	3,410	0	1 EUR = 0.86905 GBP
1,434,258	1,434,258	7,462,418	0	327,833	66,028	277,309	
20,361	20,361	0	0	1,424,958	260,089	0	1 EUR = 43.42265 MRU
72,925	72,925	0	0	0	0	0	
131,311	131,311	0	0	31,993	(12,913)	0	
46,100	46,100	376	162,688	8,200,015	2,094,445	3,754	1 EUR = 119.33174 XPF
30,504	30,504	64,179	39,926	243,815,157	100,376,305	37,904	1 EUR = 655.957 XOF
1,947,662	1,947,662	2,299,365	0	1,557,583	1,437,697	455,428	
1,421,255	1,421,255	5,369,618	484,168	34,739,343	15,336,814	292,724	1 EUR = 24.724 CZK
216,023	216,023	1,227,138	32,387	3,721,322	1,643,004	77,751	1 EUR = 4.9756 RON
16,940	16,940	0	29,813	98,676,393	25,750,257	10,307	1 EUR = 655.957 XAF
143,847	143,847	365,332	75,800	5,207,316	1,317,768	18,307	1 EUR = 10.91095 MAD

(In EURk or local currency)			2023		
Company/Head Office or Establishment	**Activity/Division**		**Registered capital** *(local currency)* (1)	**Shareholders' equity other than capital** *(local currency)* (1)	**Share of capital held** *(in %)*
GENEFIM	**Real estate lease finance**				
29, boulevard Haussmann – 75009 Paris – France	French Retail Banking	EUR	72,779	20,547	57.62
UNION INTERNATIONALE DE BANQUES	**International retail banking**				
65, avenue Habib Bourguiba – Tunis – Tunisia	International Retail Banking and Financial Services	TND	172,800	504,097	52.34
B) Affiliates (10% to 50% owned by Societe Generale)					
ANTARIUS	**Insurance company**				
Tour D2 – 17, bis place des Reflets – 92919 Paris la Defense Cedex – France	International Retail Banking and Financial Services	EUR	514,060	40,868	50.00
TRANSACTIS	**Payment**				
1, Boulevard des Bouvets – 92000 – Nanterre – France	Global Banking and Investor Solutions	EUR	46 ,498	861	50.00
SOCIETE SERVICES FIDUCIAIRES	**Pooling of connected machines**				
3, rue du Général Compans – 93500 Pantin – France	International Retail Banking and Financial Services	EUR	39 ,000	0	33.33
SA SOGEPARTICIPATIONS	**Portfolio management**				
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	411,267	307,101	24.58
SOCIETE GENERALE CALEDONIENNE DE BANQUE	**Retail banking**				
44, rue de l'Alma 98848 Noumea cedex – New Caledonia	International Retail Banking and Financial Services	XPF	1,068,375	17,425,448	20.60
SICOVAM HOLDING	**Portfolio management**				
18, rue Lafayette – 75009 – Paris – France	Corporate Centre	EUR	10 ,264	885,624	17.90
CREDIT LOGEMENT	**Credit institution**				
50, boulevard Sebastopol – 75003 Paris – France	Corporate Centre	EUR	1,259,850	216,337	16.50
CAISSE DE REFINANCEMENT DE L'HABITAT	**Housing loan refinancing**				
3, rue de la Boetie – 75008 Paris – France	Corporate Centre	EUR	578,384	25,450	16.19

(1) *For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.*
(2) *For banking and finance subsidiaries, revenue refers to net banking income.*
(3) *Financial statements not yet audited for French companies.*

2023							
Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Revenue excluding tax for the last financial year	Net income (gain or loss) for the last financial year	Dividends received by the Company during the year	Remarks
Gross *(in EUR)*	Net *(in EUR)*	*(in EUR)*	*(in EUR)*	*(local currency)* (1)(2)(3)	*(local currency)* (1)(3)	*(in EUR)*	Revaluation differences
89,846	89,846	2,874,353	0	37,762	26,138	0	
153,211	153,211	0	69,716	537,781	119 ,779	4,074	1 EUR = 3.39375 TND
257,407	257,407	0	0	925,972	65,208	69,719	
23,474	23,474	66,999	0	164,406	(133)	0	
13,000	13,000	0	0	0	0	0	
234,000	234,000	766,931	0	218,168	219,509	6,065	
16,266	16,266	110,162	0	9,642,194	2,571,851	4,497	1 EUR = 119.33174 XPF
46,100	46,100	0	0	41,123	40,600	19,863	
209,888	209,888	219,920	0	457,650	103,746	18,886	
62,703	62,703	0	0	423,496	3,521	0	

TABLE OF SUBSIDIARIES AND AFFILIATES (CONTINUED)

(In EURk)	Book value of shares held – Gross	Book value of shares held – Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
II – INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES							
A) Subsidiaries not included in paragraph 1:							
1°) French subsidiaries	98,619	63,770	8,270,359	952,338	5,760	Revaluation difference:	0
2°) Foreign subsidiaries	266,440	60,231	1,363,211	227,915	23,447	Revaluation difference:	1,447
B) Affiliates not included in paragraph 1:							
1°) French companies	19,963	15,024	0	0	2,043	Revaluation difference:	0
2°) Foreign companies	9,794	6,687	0	67,032	2,662	Revaluation difference:	0

NOTE 8 INFORMATION ON RISKS AND LITIGATION

Every quarter, Societe Generale reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the Other provisions included in the Provisions item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion in damages to Societe Generale. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by the Bank, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale will be in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the Bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale will not fail to assert its rights before the competent courts. By a decision handed down on 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of Societe Generale struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the London Court of Appeal discharged entirely the inquiry into damages granted by the London High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas, which has therefore become definitive. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against the Paris Commercial Court's decision. On 1 February 2023, the Paris Court of Appeals confirmed this decision. Societe Generale filed an appeal before the Supreme Court against this decision.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the Banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million of penalties. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOCT (cancellation of wrongly cleared transactions) as well as their collection had infringed the provisions of Article L. 420-1 of the French Commercial Code and of Article 101 of the Treaty on the Functioning of the European Union and, (ii) that its decision was giving rise to a right of restitution of the sums paid in execution of the overturned decision, namely approximatively EUR 53.5 million for Societe Generale and approximatively EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision. The Supreme Court dismissed this appeal by a decision of 28 June 2023, putting a definitive end to this litigation.
- On 3 January 2023, Societe Generale Private Banking (Switzerland) ("SGPBS") entered into an agreement to settle litigation in the United States stemming from the Ponzi scheme of Robert Allen Stanford and his affiliates. On 21 February 2023, the Receiver and the Official Stanford Investors Committee ("OSIC") filed a motion in US District Court for the Northern District of Texas seeking approval of the settlement. The settlement provides for the payment by SGPBS of USD 157 million in exchange for the release of all claims. During the 7 June 2023 hearing, the Court granted the Receiver's motion to approve the settlement. This order is now subject to an appeal. The settlement amount that SGPBS must pay is fully covered by reserves in the accounts of Societe Generale S.A. following a financial guarantee provided by Societe Generale S.A. to SGPBS. Each of the other defendant banks in this litigation also announced settlements in the first quarter of 2023 with the US Receiver and OSIC resolving their claims. These settlements were reached in advance of a jury trial that had been scheduled to start on 27 February 2023 (which ultimately did not take place).

In the same matter, a pre-contentious claim (*requête en conciliation*) was initiated in Geneva in November 2022 by the Joint Liquidators of Stanford International Bank Limited ("SIBL"), appointed by the courts in Antigua, representing the same investors as those represented by the US plaintiffs. SGPBS was served with the statement of claim on 20 June 2023 and will defend itself against the claims in this proceeding.

- 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") and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter, the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that were effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims which have been returned to the District Court include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions. On 21 June 2022, the US Supreme Court denied a petition filed by Societe Generale and other defendants that sought review of the Second Circuit's ruling. Discovery is ongoing. The stayed putative class actions were voluntarily dismissed by plaintiffs on 10 August 2022 and 26 October 2023. On 9 January 2023, the claims against Societe Generale by one of the individual plaintiffs, National Credit Union Administration (as Liquidating Agent for certain credit unions) which included the stayed individual action referred to above, were voluntarily dismissed with prejudice. On 12 May 2023, Societe Generale and two other financial institutions entered into a settlement agreement to resolve the OTC class action for a combined USD 90 million. Societe Generale's portion of this settlement was fully covered by reserves. On 17 October 2023, the District Court granted final settlement approval.

  As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain federal antitrust and New York state law claims against Societe Generale. On 11 January 2024, plaintiffs and Societe Generale entered into a binding settlement term sheet. The settlement is covered by reserves. The settlement remains subject to Court approval. Discovery in that action is ongoing. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiff's remaining claims. Plaintiff appealed to the Second Circuit. On 18 October 2022, as amended on 8 December 2022, the Second Circuit affirmed the District Court's dismissal of plaintiff's claims. On 2 October 2023, the US Supreme Court denied a petition filed by plaintiff that sought review of the Second Circuit's ruling. As a result, the action is now concluded.

  As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit. Societe Generale reached a settlement of this action in an amount covered by reserves. Shortly thereafter, on 21 November 2022, the Second Circuit stayed plaintiffs' appeal as to Societe Generale and remanded that portion of the case to the District Court for consideration of the proposed settlement. On 31 October 2023, the District Court granted final settlement approval. As a result, this action is now concluded.

  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.

- 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 Commodities Exchange Act (CEA) in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against Societe Generale, and several other financial institutions. The discovery phase is on going for Societe Generale and the remaining co-defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. The action was subsequently transferred to the Competition Appeal Tribunal. By orders dated 17 May 2023 and 23 May 2023 respectively, the US and UK actions were dismissed. These actions are now concluded.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now Engie) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.
- Several French companies applied to the European Commission, which considered that the decisions handed down by the *Conseil d'État* on 10 December 2012, which were supposed to implement the decision rendered by the European Union Court of Justice (EUCJ) on 15 September 2011, breached 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 referring the matter to the EUCJ on 8 December 2016. The EUCJ rendered its judgement on 4 October 2018 and sentenced France on the basis that the *Conseil d'État* disregarded the tax on EU sub-subsidiaries in order to secure the *précompte* paid erroneously and failed to raise a preliminary question before the EUCJ. 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. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Engie on our 2002 and 2003 Suez claims, and ordered a financial enforcement in our favour. The Court held that the advance payment (*précompte*) did not comply with the Parent-Subsidiary Directive. Further to proceedings brought before the *Conseil d'État*, the latter ruled that a question should be raised before the EUCJ in order to obtain a preliminary ruling on this issue. The EUCJ has confirmed on 12 May 2022 that the *précompte* did not comply with the Parent-Subsidiary Directive. The *Conseil d'État*, by an Engie judgment of 30 June 2023 took note of this incompatibility and confirmed the decision held by the Administrative Court of Appeal of Versailles with respect to the 2002 year, but referred the examination of the 2003 year to this same Court, which confirmed on 9 January 2024 the partial relief granted by the administration in the course of the proceedings. In parallel, a compensation litigation in relation to the Rhodia claim and the Suez claims (between 1999 and 2001) was brought in March 2023 before the European Commission and the Paris Administrative Court of Appeal, further to the negative judgements issued by the *Conseil d'État* in 2012 (Rhodia) and 2016 (Suez).
- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing was held on 5 August 2022, and the settlement received final approval by order dated 8 August 2022. This matter is now concluded. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
- Since August 2015, various former and current employees of the Societe Generale Group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate *inter alia* to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  Societe Generale Group entities may also be exposed to claims by third parties, including German tax offices, and become party to legal disputes initiated by clients involved in proceedings against the German tax administration.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the Societe Generale entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the Societe Generale entities received redemptions. The suit alleges that the amounts that the Societe Generale entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million of which USD 55 million from Societe Generale. The Societe Generale entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings. The Societe Generale defendants filed a motion to dismiss on 29 April 2022. The motion was denied by order dated 7 October 2022. Discovery is proceeding.

- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss. By order entered 30 March 2023, the court granted Societe Generale's motion to dismiss. Plaintiffs have appealed.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in a similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court permitted plaintiffs to replead their claims. On 4 February 2022, plaintiffs filed an amended complaint, and on 14 March 2022, Societe Generale filed its motion to dismiss, which was granted by the court on 23 January 2023. Plaintiffs have appealed.

  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 case was stayed pending developments in Pujol I. At the parties' request, following dismissal of Pujol I, the court lifted the stay on Pujol II and entered an order dismissing the case for the same reasons it dismissed Pujol I. Plaintiff has appealed.
- 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. The reserve in this matter in Societe Generale SA's accounts takes into consideration the increase in the number of court cases regarding the loans subject of the sale and the substance of the decisions handed down by Polish courts.
- Like other financial institutions, Societe Generale is subject to audits by the tax authorities regarding its securities lending/borrowing activities as well as equity and index derivatives activities. The 2017, 2018, 2019 and 2020 audited years are subject to notifications of proposals of tax adjustments in respect of the application of a withholding tax. These proposals are contested by the Group. Given the significance of the matter, on 30 March 2023, the French Banking Federation has brought proceedings against the tax administration's doctrine. In this respect, on 8 December 2023, the French *Conseil d'État* ruled that the tax authorities may not extend the dividend withholding tax beyond its statutory scope, except if taxpayers engaged in an abusive behavior (*abus de droit*), thereby characterizing the tax administration's position based on the concept of beneficial owner as illegal. In addition, further to raids conducted by the *parquet national financier* at the end of March 2023 at the premises of five banks in Paris, among which Societe Generale, the latter has been informed that it was subject to a preliminary investigation pertaining to the same issue. Societe Generale is defending the action.
- On 19 August 2022, a Russian fertiliser company, EuroChem North West-2 ("EuroChem"), a wholly owned subsidiary of EuroChem AG, filed a claim against Societe Generale S.A. and its Milan branch ("Societe Generale") before English courts. This claim relates to five on-demand bonds that Societe Generale issued to EuroChem in connection with a construction project in Kingisepp, Russia. On 4 August 2022, EuroChem made demands under the guarantees. Societe Generale explained it was unable to honour the claims due to international sanctions directly impacting the transactions, an assessment which EuroChem disputes. Societe Generale filed its defence submissions on 1 November 2022, to which EuroChem replied on 19 December 2022. A case management conference ("CMC") was held on 26 September 2023, in the course of which the court set the procedural timetable. As of the date of this update, the Parties' disclosures are due by the end of April 2024 and the trial (if any) is expected to take place in June 2025.
- SG Americas Securities, LLC ("SGAS") received a request for information in December 2022 from the US Securities and Exchange Commission ("SEC") focused on compliance with record-keeping requirements in connection with business-related communications on messaging platforms that were not approved by the firm. On 28 March 2023, SGAS and Societe Generale received a similar request from the US Commodity Futures Trading Commission ("CFTC"). These inquiries follow a number of regulatory settlements in 2022 with other firms covering similar matters. SGAS reached a settlement with the SEC, announced on 8 August 2023, and agreed to pay a penalty of USD 35 million, take certain remedial actions, and engage an independent compliance consultant. Societe Generale and SGAS reached a settlement with the CFTC, also announced on 8 August 2023, and agreed to pay a penalty of USD 75 million and take certain remedial actions.

6.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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

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

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

Year ended December 31, 2023

To the Annual General Meeting of Société Générale,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société Générale for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Internal Control Committee.

Basis for opinion

AUDIT FRAMEWORK

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

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

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

ASSESSMENT OF IMPAIRMENT AND PROVISIONS FOR CUSTOMER LOANS

Risk identified	Our response
Customer loans and receivables carry a credit risk which exposes your company to a potential loss if its client or counterparty is unable to meet its financial commitments. Your company recognizes impairment and provisions to cover this risk. The accounting principles used for the measurement of individual impairment, on the one hand, and collective provisions, on the other, are set out in Note 2.6 "Impairment and provisions" to the financial statements. The amount of the collective provisions for credit risk is calculated on the basis of non-downgraded performing loans and downgraded performing loans, respectively. These collective provisions are determined using statistical models requiring the exercise of judgment at the various stages in the calculation, particularly in the context of uncertainty relating to the geopolitical and economic situation. In addition, your company uses judgment and makes accounting estimates to measure the level of individual impairment for doubtful loans. As at December 31, 2023, outstanding loans to clients exposed to credit risk totaled M€ 376,146; total impairment amounted to M€ 2,556 and total provisions amounted to M€ 2,018. We consider the measurement of impairment and provisions relating to customer loans to be a key audit matter as they require Management to exercise judgment and make estimates, particularly concerning the economic sectors and geographical areas most seriously weakened by the crisis.	Our work focused on the most significant loans and customer loan portfolios, as well as the most vulnerable economic sectors and geographical areas, in particular, loans linked to Russia and sectors weakened by inflation and rising interest rates. After including credit risk management experts in our audit team, our audit work included: ▪ obtaining an understanding of Société Générale's governance and internal control relating to the assessment of the credit risk and the measurement of the expected losses, and testing the key manual and automated controls; ▪ assessing, with the support of economists from our firms, the relevance of the macro-economic projections and the weighting of scenarios used by your company; ▪ analyzing the main parameters used by your company to measure the collective provisions as at December 31, 2023; ▪ assessing the capacity of model and parameter adjustments as well as sectoral adjustments to adequately cover the credit risk level in the context of the economic crisis; ▪ assessing, using data analysis tools, the measurement of the collective provisions on a sample of portfolios; ▪ testing, on a selection of the most significant loans to corporate clients, the main criteria used to classify loans as doubtful, as well as the assumptions used to estimate the related individual impairment. We also analyzed the information on credit risk in the evolving context of the pandemic disclosed in Notes 1.4 "Use of estimates and judgment", 2.3 "Loans and receivables" and 2.6 "Impairment and provisions" to the financial statements.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE

Risk identified	Our response
As at December 31, 2023, deferred tax assets on loss carryforwards were recorded in the amount of M€ 1,676, including M€ 1,572 for the tax group in France. As stated in Note 5 "Taxes" to the financial statements, your company calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets at the closing date when it is considered probable that the tax entity concerned will have future taxable profits against which temporary differences and tax loss carryforwards can be offset, within a given timeframe. As at December 31, 2023, this timeframe is eight years for the tax group in France. In addition, as stated in Notes 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question. Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France, notably on future taxable profits, and of the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.	Our audit approach consisted in assessing the probability that your company will be able to use in the future its tax loss carryforwards generated to date, in particular in view of its ability to generate future taxable profits in France. After including tax specialists in our audit team, our procedures mainly consisted in: ▪ comparing the projected results of the previous years with the actual results of the corresponding fiscal years, so as to assess the reliability of the tax business plan development process; ▪ obtaining an understanding of the budget for 2024 drawn up by Management and approved by the Board of Directors, as well as the assumptions underlying the projections over the 2024-2027 timeframe, which take into account the expected impacts of operations known at the closing date (in particular, the merger of the France networks or the acquisition of Leaseplan); ▪ assessing the relevance of the methods used to extrapolate the tax results after the 2024-2027 timeframe; ▪ assessing the assumptions used to analyze sensitivity in the event of adverse scenarios defined by the Société Générale group; ▪ analyzing the sensitivity of the recovery period for tax losses under different scenarios we created; ▪ analyzing the situation of your company, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities. We also analyzed the information provided by your company, concerning deferred tax assets, disclosed in Notes 1.4 "Use of estimates and judgment", 5 "Taxes" and 8 "Information on risks and litigation" to the financial statements.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified	Our response
Within the scope of its market activities, your company holds financial instruments for trading purposes. As at December 31, 2023, M€ 174,734 are recorded in this respect under assets on your company's balance sheet. To determine the fair value of these instruments, your company uses techniques or in-house valuation models. As stated in Note 2.2 "Operations on forward financial instruments" to the financial statements, if necessary, these valuations include discounts calculated according to the relevant instruments and associated risks. In the absence of available market data or market valuation models, the models and data used to value these instruments may, for example, be based on Management's judgment and estimates. Given the complexity of the modelling in determining the fair value, the multiplicity of models used, and the use of Management's judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.	Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments. After including financial instrument valuation specialists in our audit team, our procedures consisted in: ■ obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems; ■ analyzing the governance set up by the Risk Department for the control of the valuation models; ■ analyzing the valuation methodologies for certain categories of complex instruments and the related reserves or value adjustments; ■ testing the key controls relating to the independent verification of the valuation parameters, and evaluating the reliability of the market parameters used to provide input for the valuation models with reference to external data; ■ as regards the process used to explain the changes in fair value, obtaining an understanding of the bank's analysis principles and performing tests of controls on a sample basis. In addition, we performed "analytical" IT procedures on the control data relating to certain activities; ■ obtaining the quarterly results of the model independent validation process; ■ obtaining the quarterly results of the valuation adjustment process based on external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where external data is absent, we assessed the existence of reserves or the non-materiality of the associated issues; ■ performing counter-valuations of a selection of complex derivative financial instruments using our tools. We also analyzed the compliance of the methods underlying the estimates and the principles described in Note 2.2 "Operations on forward financial instruments" to the financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified	Our response
The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions in Note 2.2 "Operations on forward financial instruments" to the financial statements. This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the data processing chains used or the recording of transactions until their transfer into the accounting system may result from: ■ changes made to management and financial information by unauthorized persons via the information systems or underlying databases; ■ a failure in processing or in the transfer of data between systems; ■ a service interruption or an operating incident which may or may not be related to internal or external fraud. Furthermore, in a context of widespread home working and an increasing number of malicious acts, your company is exposed to risks relating to the opening up of information systems to allow remote access to transaction processing applications. To ensure the reliability of the accounts, it is therefore essential for your company to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.	Our audit approach for this activity is based on the controls related to the management of the information systems set up by your company. After including information system specialists in our audit team, we tested the IT general controls of key applications that we considered to be key for this activity. Our work mainly consisted in assessing: ■ the controls set up by your company on access rights, especially at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended procedures in the event of anomalies identified during the financial year; ■ potential privileged access to applications and infrastructure; ■ change management relating to applications, and more specifically the separation between development and business environments; ■ security policies in general and their deployment in IT applications (for example, those related to passwords); ■ handling of IT incidents during the audit period; ■ governance and the control environment on a sample of applications. For these same applications, and in order to assess the transfer of information flows, we tested the key application controls relating to the automated interfaces between the systems. In addition, our tests on the general IT and application controls were supplemented by data analysis procedures on certain IT applications. We also evaluated the governance implemented by your company to ensure the resilience of the information systems faced with cyber risks. Our work consisted in interviewing the bank's security teams and studying the reports from the cybersecurity teams as well as any incidents occurring during the period.

ASSESSMENT OF THE LEGAL OR TAX RISKS RELATING TO REGULATORY OR ARBITRATION PROCEEDINGS INVOLVING THE GROUP

Risk identified	Our response
Société Générale is a party to various legal actions, particularly civil, administrative and criminal proceedings as indicated in Notes 2.6.6 "Other provisions for contingencies and losses" and 5.2 "Tax provisions" to the financial statements. Other provisions for contingencies and losses amounted to M€ 967 and included in particular provisions for litigation and tax provisions which totaled M€ 11 as of December 31, 2023. As indicated in Note 8 "Information on risks and litigation" to the financial statements, legal disputes presenting a material risk are analyzed on a quarterly basis to assess the need to record provisions or adjust the amount of raised provisions. Given the complexity of certain proceedings, the significant amount of management judgment in assessing the risks and the financial repercussions for your Group, we consider the accounting treatment of legal disputes to be a key audit matter.	After including tax experts in our audit team, our approach mainly consisted in: ■ obtaining an understanding of the process set up by your company to assess provisions for litigation; ■ conducting interviews with the group's legal and tax departments and the functions affected by the ongoing proceedings to monitor the development of the main legal proceedings and ongoing investigations conducted by legal and tax authorities and regulators; ■ obtaining and analysing available documentation such as management's position and the memos of the Group's legal and tax advisors; ■ requesting confirmation from the lawyers in charge of the most significant proceedings; ■ assessing the assumptions used to determine the need for and the amount of provisions raised, in particular on the basis of information gathered from the group's external advisers involved in the relevant cases; ■ assessing the appropriateness of the information provided in the notes to the financial statements.

VALUATION OF EQUITY SECURITIES, OTHER LONG-TERM SECURITIES AND SHARES IN AFFILIATED COMPANIES

Risk identified	Our response
Equity securities, shares in affiliated companies and other long-term securities are recognized in the balance sheet for a net carrying amount value of €24 billion (including €3.2 billion in impairment). As stated in Note 2.1 "Securities portfolio" to the financial statements, securities are recognized at their purchase price excluding acquisition costs. Your company must ascertain whether there is any indication that the securities may be impaired, and notably whether such impairment is taken into account in the forecasts made and the variables used to discount the resulting flows. The comparison of the net carrying amount of the securities with their recoverable amount is an essential factor in assessing the need for a potential impairment. As stated in Note 2.6.5 "Impairment of securities" to the financial statements, the recoverable amount is assessed at the value in use determined, for each security, with reference to a valuation method based on available information such as equity, profitability or the average stock market price of the last three months (for listed securities). Given the importance of the sensitivity of the models used to data variations and the assumptions on which the estimates are based, we consider the measurement of equity securities, other long-term securities and shares in affiliated companies to be a key audit matter.	Our audit approach is based on gaining an understanding of the control procedures concerning (i) impairment testing of equity securities, other long-term securities and shares in affiliated companies and (ii) the drawing up of the business plans in place at the level of each entity to understand future changes in your company's structure and activities, and identify any indicators of impairment of these assets. After including valuation specialists in our audit team, our work mainly consisted in: ▪ assessing, on a sample basis, the justification of the valuation methods and the figures used by Management to calculate values in use; ▪ analyzing the consistency of the business plans drawn up by the entities' finance departments on the basis of our understanding of the activities and projected results from previous financial years, in order to assess the reliability of the drawing-up of the business plans; ▪ critically analyzing the main assumptions and parameters used with regard to the available internal and external information (macro-economic scenarios, financial analyst consensus); ▪ evaluating the sensitivity analyses of the results to the key parameters, notably via comparison with multiples; ▪ testing, via sampling, the arithmetic accuracy of the value-in-use calculations used by your Company. Lastly, we analyzed the information concerning equity securities, other long-term securities and shares in affiliated companies disclosed in Notes 1.4 "Use of estimates and judgment", 2.1 "Securities portfolio" and 2.6.5 "Impairment of securities" to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders except for the matter described below.

We have the following matter to report regarding the fair presentation and consistency with the financial statements of the information relating to payment deadlines referred to in Article D. 441-6 of the French Commercial Code: as stated in the management report, this information does not include bank and other related operations as your Company considers that such operations fall outside the scope of disclosable information.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, the identity of the shareholders and holders of the voting rights and the cross-shareholdings has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Société Générale by your Annual General Meeting held on April 18, 2003 for Deloitte & Associés and on May 22, 2012 for Ernst & Young et Autres.

As of December 31, 2023, Deloitte & Associés and Ernst & Young et Autres were in their twenty-first year and twelfth year of total uninterrupted engagement, respectively.

Previously, Ernst & Young Audit had been statutory auditor of Société Générale from 2000 to 2011.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit and Internal Control Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

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

As specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- dentifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit a report to the Audit and Internal Control Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Internal Control Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 11, 2024

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Jean-Marc Mickeler	Maud Monin	Micha Missakian	Vincent Roty

REGISTERED OFFICE OF THE ISSUER

SG Issuer
15, avenue Emile Reuter
L-2420 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

GUARANTOR'S AUDITORS

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
France

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807

LEGAL ADVISERS TO THE ISSUER
(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989