

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any statements made or opinions or reports expressed in 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 Index, the Shares or the Warrants.

Base Listing Document relating to Warrants to be issued by

SG Issuer

(incorporated in Luxembourg with limited liability)

**unconditionally and irrevocably guaranteed by
Société Générale
(incorporated in France)**

This document is supplemented by and should be read in conjunction with the Appendices attached, comprising of (i) the form of the Guarantee (contained in Appendix 1), (ii) the description of the Issuer (contained in Appendix 2), (iii) the description of the Guarantor (contained in Appendix 3), (iv) copies of the up-to-date financial information relating to the Issuer (contained in Appendix 4), and (v) copies of the up-to-date financial information relating to the Guarantor (contained in Appendices 5 and 6), (altogether and collectively referred to as “**this document**” or the “**Base Listing Document**”) and is published for the purpose of obtaining a listing on the SGX-ST of warrants permitted by the SGX-ST (the “**Warrants**”) to be issued from time to time by SG Issuer (the “**Issuer**”) and unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”).

The Warrants include European style cash settled call warrants on single equities (“**European Style Cash Settled Call Warrants**”), European style cash settled basket call warrants on a basket of equities (“**European Style Cash Settled Basket Call Warrants**”), European style index call warrants on indices (“**European Style Index Call Warrants**”), European style cash settled long/short certificates on single equities (the “**Equity Certificates**”), European style cash settled long/short certificates on indices (the “**Index Certificates**”; together with the Equity Certificates, the “**Certificates**”), European style cash settled put warrants on single equities (“**European Style Cash Settled Put Warrants**”), European style cash settled basket put warrants on a basket of equities (“**European Style Cash Settled Basket Put Warrants**”), European style index put warrants on indices (“**European Style Index Put Warrants**”) and such other warrants to be issued from time to time by the Issuer (together the “**Warrants**” save that where the context requires references to the “**Warrants**” shall mean the European Style Cash Settled Call Warrants, European Style Cash Settled Basket Call Warrants, European Style Index Call Warrants, Equity Certificates, Index Certificates, European Style Cash Settled Put Warrants, European Style Cash Settled Basket Put Warrants, European Style Index Put Warrants or such other warrants to be issued from time to time by the Issuer, as the case may be).

This document includes particulars given in compliance with the SGX-ST Listing Rules in respect of structured warrants for the purpose of giving information with regards to the Issuer, the Guarantor and the Warrants. The additional terms relating to each series of Warrants will be set out in a supplemental listing document (each a “**Supplemental Listing Document**”) which will be supplemental to, and should be read in conjunction with, this Base Listing Document.

The Warrants are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in this document and, where necessary, seek professional advice before they invest in the Warrants.

The information in this document does not take into account the investment objectives or financial position of any particular investor. Accordingly, nothing in this document should be construed as a recommendation or invitation by the Issuer, the Guarantor, or any associate of theirs or any other person concerning investment in the Warrants, the shares or any other security underlying the Warrants.

The Warrants are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards,

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.

including an assessment of such investors' investment knowledge or experience.

The Warrants constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 17 June 2022 and entered into by the Guarantor (the "Guarantee") constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Warrants, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Warrants against, if applicable, the company which has issued the underlying securities, the sponsor of the underlying indices or any companies forming part of any indices to which the Warrants relate.

The Guarantor is rated A1 by Moody's Investors Service, Inc. and A by S&P Global Ratings. For confirmation of the ratings, please refer to the relevant Supplemental Listing Document.

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.

The Issuer accepts full responsibility for the information contained in this document in relation to itself and the Warrants. The Guarantor accepts full responsibility for the accuracy of the information contained in this document in relation to itself, its subsidiaries and affiliates. 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 for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the delivery of this document nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof. No person has been authorised to give any information or to make any representation other than those contained in this document and in the relevant Supplemental Listing Document in connection with the offering of the Warrants, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantor or the Placing Agent.

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, Warrants or other securities of the Issuer or the Guarantor, 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 Warrants or other securities of the Issuer or the Guarantor. The distribution of this document and the offering of the Warrants 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. Neither the Issuer nor the Guarantor assumes any fiduciary responsibility or liability for any consequences financial or otherwise arising from the subscription or acquisition of the Warrants. An investor should make its own appraisal of the risks and should consult to the extent necessary its own legal, financial, tax, accounting and other professional advisors in this respect prior to any subscription or acquisition of the Warrants.

The Warrants 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 Warrants has not been approved by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Warrants or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Warrants, 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 Warrants 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 Warrants, 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 Warrants and distribution of this document is given in the section headed "**Sales Restrictions**" on page 103 below.

The Issuer has undertaken, in respect of each series of Warrants, until the Expiry Date (as defined in the applicable Supplemental Listing Document) to make available for inspection by holders of the Warrants at the registered office of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1,

Singapore 018981, a copy of the latest publicly available audited financial statements and the latest issued annual report and interim report (if any) of the Issuer and the Guarantor and this Base Listing Document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Warrants at any time and any Warrant which is 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. Investors should not therefore make any assumption as to the number of Warrants in issue at any time.

This document includes the terms and conditions of each of the European Style Cash Settled Call Warrants, European Style Cash Settled Basket Call Warrants, European Style Index Call Warrants, Equity Certificates, Index Certificates, European Style Cash Settled Put Warrants, European Style Cash Settled Basket Put Warrants and European Style Index Put Warrants (together, the “**Conditions**” or the “**Conditions of the Warrants**”, save that where the context requires references to the Conditions or the Conditions of the Warrants shall mean the terms and conditions of the European Style Cash Settled Call Warrants, the terms and conditions of the European Style Cash Settled Basket Call Warrants, the terms and conditions of the European Style Index Call Warrants, the terms and conditions of the Equity Certificates, the terms and conditions of the Index Certificates, the terms and conditions of the European Style Cash Settled Put Warrants, the terms and conditions of the European Style Cash Settled Basket Put Warrants and the terms and conditions of the European Style Index Put Warrants, as the case may be).

All references herein to “**Singapore dollars**” and “**S\$**” are to the lawful currency of Singapore, to “**US dollar**” and “**USD**” are to the lawful currency of the United States of America and to “**EUR**” are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

17 June 2022

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OVERVIEW OF THE BRRD AND IMPLICATIONS TO THE WARRANTS

What is the BRRD?

The Bank Recovery and Resolution Directive (2014/59/EU) (“**BRRD**”) is a legislative development in the European Union (“**EU**”) which was introduced to address the shortcomings in the national laws and regulations of EU Member States for the resolution of failing banks and financial institutions. The BRRD provides that it should be applied by EU Member States from 1 January 2015, except for the Bail-In Power (as described below) which should be applied from 1 January 2016. The implementation date of the BRRD in each EU Member State depends on the implementation legislation enacted, or which will be enacted, in each such EU Member State. The BRRD has been implemented in both Luxembourg and France. In March 2016, the European Commission has adopted a Commission Delegated Regulation setting out a number of regulatory technical standards for the BRRD.

The BRRD provides for the establishment of an EU-wide framework for the recovery and resolution of EU credit institutions and investment firms as well as certain of their group companies falling under the scope of the BRRD. The BRRD requires the governments of all EU Member States to provide their relevant resolution authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of that institution’s critical financial and economic functions, while minimising the impact of that institution’s failure on the broader economy and financial system.

The BRRD contains four resolution tools and powers (the “**Resolution Tools**”) which may be used alone or in combination where the relevant resolution authority considers that (a) an affected institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such affected institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables the relevant resolution authorities to direct the sale of the affected institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables the relevant resolution authorities to transfer all or part of the business of the affected institution to a “**bridge institution**” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables the relevant resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) Bail-In Power (as described in the paragraph headed “**What is “Bail-In Power”?**” below).

It is important to note that certain protections are granted to the creditors of an EU credit institution in case of the exercise of the Resolution Tools (including the Bail-In Power) over such institution. The most important one is the principle known as the “no creditor worse off principle” as provided for in the BRRD. This principle is intended to ensure that the creditors of an affected institution which is subject to the exercise of the Bail-In Power under the BRRD shall not incur greater losses than they would have incurred if such affected institution had been wound up under normal insolvency proceedings. For this purpose, the relevant resolution authorities in the EU have to ensure that it is assessed at the time of exercise of the Bail-In Power whether shareholders and creditors of an affected institution would have received better treatment if such affected institution had entered into normal insolvency proceedings.

The Issuer is subject to the BRRD

The Issuer is a financial institution incorporated in Luxembourg and is subject to Luxembourg legislation implementing the BRRD.

Under Luxembourg legislation implementing the BRRD, substantial powers are granted to the *Commission de surveillance du secteur financier* (“**CSSF**”) acting as resolution council, the Luxembourg resolution authority, and/or to other relevant resolution authorities in the EU, to implement resolution measures (including the use of the Resolution Tools) in respect of a Luxembourg financial institution (including, for example, the Issuer) and certain of its affiliates (each a “**relevant entity**”) to protect and enhance the stability of the financial system of Luxembourg if the relevant resolution authorities consider the relevant entity as failing or likely to fail and that certain other conditions are satisfied (in particular, that resolution measures would be necessary in the public interest).

The Guarantor is subject to the BRRD

The Guarantor is a credit institution incorporated in France and is subject to French legislation implementing the BRRD.

Under French legislation implementing the BRRD, substantial powers are granted to the *Autorité de contrôle prudentiel et de résolution* (“**ACPR**”), the French resolution authority, and/or to other relevant resolution authorities in the EU, to

implement resolution measures (including the use of the Resolution Tools) in respect of a French credit institution (including, for example, the Guarantor) and certain of its affiliates to protect and enhance the stability of the financial system of France if the relevant resolution authorities consider the failure of the relevant entity has become likely and certain other conditions are satisfied.

The Resolution Tools may be exercised over the Issuer and/or the Guarantor

The exercise of any Resolution Tool or any suggestion of any such exercise under the BRRD over the Issuer and/or the Guarantor could adversely affect the value of the Warrants. You may therefore lose all or a substantial part of your investment in the Warrants.

In addition, the resolution powers could be exercised (i) prior to the commencement of any insolvency proceedings in respect of the Issuer and/or the Guarantor, and (ii) by the relevant resolution authority without your consent or any prior notice to you. It is also uncertain how the relevant resolution authority would assess triggering conditions in different pre-insolvency scenarios affecting the Issuer and/or the Guarantor under the BRRD. Accordingly, you may not be able to anticipate a potential exercise of any such resolution powers over the Issuer and/or the Guarantor.

What is “Bail-In Power”?

“**Bail-In Power**” (as defined in the Conditions) means the power of the relevant resolution authorities to write down or convert to equity certain claims of unsecured creditors of a failing institution existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Luxembourg and/or in France, relating to the transposition of the BRRD as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Issuer under the Warrants and/or the Guarantor in respect of the Guarantee can be reduced (in part or in whole), cancelled, modified, or converted into shares, other securities or other obligations of the Issuer and/or the Guarantor or any other person. Please see the Conditions as set out in this document for further details, in particular Condition 1(e) of the Conditions with respect to the Bail-In Power. Please also see Appendix 1 (Form of the Guarantee) of this document for further details, in particular clause 4 of the Guarantee with respect to the Bail-In Power.

The Issuer’s obligations under the Warrants and the Guarantor’s obligations with respect to the Guarantee are subject to the “Bail-In Power”

In addition to applicable relevant Luxembourg law provisions relating to the use of the bail-in tool, the Conditions include a contractual term regarding the “Bail-In Power” and will be contractually subject to the exercise of any “Bail-In Power” by the relevant resolution authority if such authority should so decide at the relevant time.

In addition, the Guarantee includes a contractual term regarding the “Bail-In Power” and will be contractually subject to the exercise of any “Bail-In Power” by the relevant resolution authority if such authority should so decide at the relevant time.

By investing in the Warrants, you acknowledge, accept, consent and agree to be contractually bound by the exercise of any Bail-In Power by the relevant resolution authorities over the Issuer and the Guarantor. You further acknowledge, accept, consent and agree that your rights under the Warrants and/or the Guarantee are contractually subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-In Power by the relevant resolution authorities.

The effect of the exercise of the Bail-In Power by the relevant resolution authority over the Issuer and/or the Guarantor may include and result in any of the following, or some combination thereof:

- (a) the reduction of all, or a portion, of the amounts payable by the Issuer under the Conditions and/or by the Guarantor under the terms of the Guarantee (including a reduction to zero);
- (b) the conversion of all, or a portion, of the amounts due under the Warrants and/or the Guarantee into shares or other securities or other obligations of the Issuer and/or the Guarantor or of another person, including by means of an amendment, modification or variation of the Conditions and/or the terms of the Guarantee, in which case you agree to accept in lieu of your contractual rights under the terms of the Warrants and/or the Guarantee any such shares, other securities or other obligations of the Issuer and/or the Guarantor or another person;
- (c) the cancellation of the Warrants and/or the Guarantee;

- (d) the amendment or alteration of the maturity of the Warrants and/or the Guarantee or amendment of the amount of interest payable on the Warrants and/or the Guarantee, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and/or
- (e) if applicable, the variation of the Conditions and/or the terms of the Guarantee, if necessary to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

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

- (a) ranking:
 - (i) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (ii) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (iii) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and
- (b) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (c) which are not or are no longer eligible to be taken into account for the purposes of the MREL (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) 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 Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the holders of the Warrants 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 holders of the Warrants as if, in either case, the Warrants had been directly issued by the Guarantor itself, and as if any amount due under the Warrants had accordingly been directly subject to the exercise of the Bail-In Power.

By investing in the Warrants, you acknowledge, accept, consent and agree that neither a cancellation of the Warrants and/or the Guarantee, a reduction of all, or a portion of, the amounts due under the Conditions and/or the Guarantee, the conversion thereof into other securities or other obligations of the Issuer and/or the Guarantor or another person, as a result of the exercise or implementation of the Bail-In Power as described above will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the holders of the Warrants to any remedies (including equitable remedies) which are expressly waived.

Accordingly, if any Bail-In Power is exercised over the Issuer and/or the Guarantor, you may not be able to recover all or even part of the amount due under the Warrants (if any) from the Issuer and/or from the Guarantor (under the Guarantee), or you may receive a different security issued by the Issuer and/or by the Guarantor (or another person) in place of the amount (if any) due to you under the Warrants from the Issuer, which may be worth significantly less than the amount due to you under the Warrants (if any).

Moreover, the relevant resolution authorities may exercise the Bail-In Power without providing any advance notice to, or requiring your further consent.

Please see the paragraph headed “risk factors relating to the BRRD” below for further details of the relevant risk factors applicable to the Warrants.

RISK FACTORS

The following risk factors are relevant to the Warrants:-

- (a) investment in Warrants 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 Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants. You should consider carefully whether Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors;
- (b) the Warrants 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 Warrants, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Warrants against the company which has issued the underlying securities, the sponsor of the underlying indices or any companies forming part of any indices to which the Warrants relate;
- (c) in the case of Warrants relating to a share or shares or share index, certain events relating to such shares or the underlying company may cause adverse movements in the value and price of the underlying share or other security, as a result of which, the holders of the Warrants may, in certain circumstances, sustain a total loss of their investment if, for Call Warrants, the price of the underlying share or level of the index falls below or is equal to the relevant exercise price or exercise level on the relevant Expiry Date, for Put Warrants, the price of the underlying share or level of the index is equal to or higher than the relevant exercise price on the relevant Expiry Date;
- (d) due to their nature, the Warrants can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Warrants 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 share or index, dividends and interest rate, the time remaining to expiry, the related futures contracts, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) fluctuations in the price of the underlying share and other security will affect the price of the Warrants but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Warrants to hedge their market risk associated with investing in the underlying share or other security which may be specified in the relevant Supplemental Listing Document, should recognise the complexities of utilising the Warrants in this manner;
- (f) if, whilst any of the Warrants relating to a share or shares remain unexercised, trading in the underlying shares is suspended on the Relevant Stock Exchange, trading of options or futures relating to the relevant index on any options or futures exchanges is suspended, or options or futures generally on any options and/or futures exchanges on which options or futures relating to the relevant index are traded is suspended, or if the relevant index for whatever reason is not calculated, trading in the relevant Warrants may be suspended for a similar period;
- (g) as indicated in the Conditions of the Warrants and as shall be indicated in the applicable Supplemental Listing Document, a holder of the Warrants must tender a specified number of Warrants at any one time in order to exercise. Thus, holders of the Warrants with fewer than the specified minimum number of Warrants in a particular series will either have to sell their Warrants or purchase additional Warrants, incurring transactions costs in each case, in order to realise their investment;
- (h) investors should note that in the event of there being a Settlement Disruption Event (as defined in the Conditions of the Warrants) or Market Disruption Event (as defined in the Conditions of the Warrants) delivery of the shares or determination or payment of the Cash Settlement Amount (as defined in the Conditions of the Warrants) may be delayed, all as more fully described in the Conditions of the Warrants;
- (i) the Conditions of the Warrants relating to a share or shares provide anti-dilution protection to the value of the Warrants against the occurrence of events relating to the company whose shares underlie those Warrants. For

example, the Issuer may adjust the Entitlement (as defined in the Conditions of the Warrants) and/or the Cash Settlement Amount in the event of a rights issue, an issue of shares out of capitalisation of profits or reserves or a consolidation or sub-division of the share capital of the company. However, the Issuer is not obliged under the Conditions of the Warrants to make an adjustment in response to every type of corporate event that affects the value of the Warrants. For Index Warrants and the Index Certificates, the Issuer will determine the adjustment to the Cash Settlement Amount necessary to take account of any material change in the method of calculation of the underlying index;

- (j) in the case of Index Warrants and the Index Certificates, certain events relating to the relevant indices or index components permit the Issuer to make certain determinations in respect of the indices or index components and thus, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the relevant Conditions of Index Warrants and Index Certificates on page 42, pages 63 to 64 and page 93 for more information;
- (k) in the case of Index Warrants and Index Certificates, a level for the relevant index may be published by the index sponsor at a time when one or more securities or derivatives comprised in the index are not trading. If this occurs on a Valuation Date (as defined in the relevant Supplemental Listing Document) or an Observation Date (as defined in the relevant Supplemental Listing Document), as the case may be, and there is no Market Disruption Event under the terms of the relevant Warrants then the value of such securities or derivatives may not be included in the closing level of the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permits the Issuer to determine the level of the index on the basis of the formula or method last in effect prior to such change of formula;
- (l) “European Style” Warrants and Certificates are only exercisable on their respective Expiry Dates (as defined in the Conditions of the Warrants) and may not be exercised by holders of the Warrants prior to such Expiry Date. Accordingly, if on such relevant Expiry Date the Cash Settlement Amount (where applicable) is zero or negative, a holder of the Warrants will lose the value of his investment;
- (m) investors should note that there may be an exchange rate risk in the case of Warrants where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars;
- (n) the calculation of the Cash Settlement Amount of the Warrants may be postponed in certain circumstances in the event of there being a Market Disruption Event (as defined in the Conditions of the Warrants);
- (o) there is no assurance that an active trading market for the Warrants will sustain throughout the life of the Warrants, or if it does sustain, it may be due to market-making on the part of the Designated Market-Maker (as defined in the relevant Supplemental Listing Document). The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Warrants. Therefore, the secondary market for the Warrants may be limited and you may not be able to realise the value of the Warrants. Do note that the bid-ask spread increases with illiquidity;
- (p) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed liquidity provider’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 shares, baskets of shares and/or indices or related securities or derivatives. In addition, in connection with the offering of any Warrants, 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 shares, baskets of shares and/or indices or related securities or derivatives. 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 shares, baskets of shares and/or indices or related securities or derivatives which may affect the market price, liquidity or value of the Warrants and which may affect the interests of holders of the Warrants;
- (q) 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 shares, baskets of shares and/or indices. Such activities and information may involve or otherwise affect issuers of underlying shares, baskets of shares and/or indices in a manner that may cause consequences adverse to the holders of the Warrants or otherwise create conflicts of interests in connection with the issue of Warrants 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 shares, baskets of shares and/or indices 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 Warrants by the Issuer or the effect that such activities may directly or indirectly have on any Warrant.

In the case of Index Warrants and the Index Certificates, an affiliate of the Guarantor may act as the index sponsor. Potential conflict of interests may arise. This may result in consequences which may be adverse to Warrantheolders. The Issuer and the Guarantor assume no responsibility whatsoever for such consequences and their impact on Warrantheolders. However, any risk of conflict of interest will be limited since (i) the index rules are pre-determined, publicly available and based on observable market parameters; and (ii) the index will be calculated by an independent calculation agent;

- (r) 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 Warrants (ii) the Warrants can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Warrants or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Warrants under any applicable risk-based capital or similar rules;

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

- (t) in the case of Index Warrants and Index Certificates, subject to risks broadly similar to those attending any investment in a broadly-based portfolio of assets, the risk that the general level of prices for such assets may decline. The following is a list of some of the significant risks associated with an index:

- Historical performance of the index does not give an indication of future performance of this index. It is impossible to predict whether the value of the index will fall or rise over the term of the Index Warrants and Index Certificates; and
- The level of the index or indices 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 any shares, securities or derivatives comprised in the index or indices may be traded.

The policies of the sponsor of an index with regards to additions, deletions and substitutions of the assets underlying the index and the manner in which the index sponsor takes account of certain changes affecting such assets underlying the index may affect the value of the index. The policies of an index sponsor with respect to the calculation of an index could also affect the value of the index. An index sponsor may discontinue or suspend calculation or dissemination of information relating to its index. Any such actions could affect the value of the Index Warrants and Index Certificates.

In addition, indices may be subject to management fees and other fees as well as charges that are payable to the index sponsor(s) and which can reduce the settlement amount payable to holders of the Index Warrants and Index Certificates. Such fees may be paid to index sponsors that are affiliates of the Guarantor;

- (u) two or more risk factors may simultaneously have an effect on the value of a Warrant 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 Warrant;

(v) as the Warrants 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 Warrants;
- (ii) there will be no register of holders of the Warrants and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants by way of interest (to the extent of such number) in the global warrant certificate in respect of those Warrants represented thereby shall be treated as the holder of such number of the Warrants;
- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Warrants; and
- (iv) notices to such holders of the Warrants will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST and/or rely on their brokers/custodians to obtain such notices;

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

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

(x) U.S. withholding tax

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (“**Section 871(m) Regulations**”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to the Section 871(m) Regulations (a “**Non-U.S. Holder**”) with respect to certain financial instruments linked to U.S. equities (or other securities that can pay U.S.-source dividend income) or indices that include U.S. equities (or such securities) (“**U.S. Underlying Equities**”). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (“**IRS**”) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Specifically, the Section 871(m) Regulations will generally apply to Warrants the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer (such date being the “pricing date”) based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the relevant notices describing these rules, such Warrants are deemed “delta-one” instruments) (“**Specified Securities**”). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Securities, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. The Section 871(m) Regulations are scheduled to apply to a broader range of derivative instruments referencing U.S. Underlying Equity(ies) as of 1 January 2023.

Warrants that track certain broad-based indices that meet the requirements of a “Qualified Index” as set forth in the applicable rules under the Section 871(m) Regulations are not subject to withholding under the Section 871(m) Regulations and will not be treated as Specified Securities. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of such Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination.

Even where a Warrant is a Specified Security, no tax should be imposed under the Section 871(m) Regulations as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Warrants or (2) both (x) no additional amount is paid to the holder of a Warrant in respect of any such dividend and (y) as reasonably estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Securities). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Warrants to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under the Section 871(m) Regulations on the Warrants even if one or more dividends are paid with respect to a U.S. Underlying Equity.

In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor’s individual tax situation will not be taken into account. Warrants linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Security will not be subject to withholding tax under the Section 871(m) Regulations.

The Issuer has determined that generally Warrants should not be “delta-one” transactions within the meaning of the relevant notices or should be delta-one transactions that track Qualified Indices and, therefore, should not be Specified Securities subject to withholding tax under the Section 871(m) Regulations, though products issued after 1 January 2023 linked to U.S. Underlying Equities may be subject to the Section 871(m) Regulations even if they are not “delta-one.” The Issuer will indicate if a particular issuance is subject to the Section 871(m) Regulations in the applicable Supplemental Listing Documents. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of the Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination. In the case of Warrants tracking Qualified Indices, the Issuer may be restricted in its ability to issue or sell additional Warrants if the status of an underlying index becomes non-qualified in a future year while the Warrant is outstanding.

The rules of the Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Warrants may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that holders of the Warrants are subject to withholding tax ex post.**

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Security (including any amounts withheld on income with respect to the Issuer’s hedge of a Specified Security), holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

Investors should consult their tax adviser regarding the potential application of the Section 871(m) Regulations to their investment in the Warrants;

- (y) 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 Warrants or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution

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

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

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

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

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

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

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

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the

Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Warrants 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 Warrants into ordinary shares or other instruments of ownership, or the variation of the terms of the Warrants (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); and

- (z) risk factors relating to the Certificates
 - (i) investors should note that there are leveraged risks because the Certificates integrate a leverage within the leveraged index or integrate a leverage mechanism, as the case may be, and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the securities or derivatives comprised in the underlying reference index or the index, or the underlying securities, as the case may be, and if the investment results in a loss, any such loss will be increased by the leverage factor of the

leveraged index or the Certificates, as the case may be. As such, investors could lose more than they would if they had invested directly in the securities or derivatives comprised in the underlying reference index or the index, or the underlying securities, as the case may be;

- (ii) 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 leveraged index or the Certificates, as the case may be. 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 the leverage factor that is embedded within the leveraged index or the Certificates, as the case may be, over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (iii) since the Certificates relate to the level of an index or the price of an underlying security, certain events relating to the index or index components, or the underlying securities, may cause adverse movements in the value and the level of the index or index components, or the price of the underlying securities, 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 level of the index or the price of the underlying securities has fallen or risen sharply, as the case may be;
- (iv) investors should note that (A) in case of Certificates that integrate a leverage within the leveraged index, the Air Bag Mechanism (as defined in the relevant Supplemental Listing Document) reduces the impact on the leveraged index if the underlying reference index falls or rises, as the case may be, further, but will also maintain a reduced exposure to the underlying reference index in the event the underlying reference index starts to rise or fall, as the case may be, after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses; (B) in case of Certificates that integrate a leverage mechanism, the Air Bag Mechanism reduces the impact on the Leverage Strategy/Leverage Inverse Strategy (as defined in the relevant Supplemental Listing Document) if the index or the underlying security falls or rises, as the case may be, further, but will also maintain a reduced exposure to the index or the underlying security in the event the index or the underlying security starts to rise or fall, as the case may be, after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (v) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (A) an overnight fall or rise, as the case may be, in the underlying reference index or the index, or the underlying securities, as the case may be, where there is a certain percentage (as specified in the relevant Supplemental Listing Document) or greater gap between the previous day closing level or price and the opening level or price of the underlying reference index or the index, or the underlying securities, as the case may be, the following day, as the Air Bag Mechanism will only be triggered when market opens (including the pre-opening session) the following day or (B) a sharp intraday fall or rise, as the case may be, in the underlying reference index or the index, or the underlying securities, as the case may be, of certain percentage (as specified in the relevant Supplemental Listing Document) or greater during the observation period compared to the reference level or price, being: (1) if air bag has not been previously triggered on the same day, the previous closing level or price of the underlying reference index or the index, or the underlying securities, as the case may be, or (2) if one or more air bag have been previously triggered on the same day, the latest new observed level or price;
- (vi) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 of the Equity Certificates on pages 55 to 56 and the Condition 11 of the Index Certificates

on pages 65 to 67 of this document for more information;

- (vii) in the case of the Index Certificates, an affiliate of the Guarantor may act as the index sponsor. If the hedging activities of the Issuer, the Guarantor and any of their subsidiaries and affiliates in connection with the leveraged index or the index, as the case may be, are disrupted, the index sponsor may decide to terminate calculations in relation to the leveraged index or the index, as the case may be, sooner than another index sponsor would in comparable circumstances. Such a termination may trigger the early redemption of the Certificates;
- (viii) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined in the relevant Supplemental Listing Document), Management Fee (as defined in the relevant Supplemental Listing Document) and Gap Premium (as defined in the relevant Supplemental Listing Document); and
- (ix) 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 leveraged index or the Leverage Strategy/Leverage Inverse Strategy, as the case may be, including the Funding Cost/Stock Borrowing Cost (as defined in the relevant Supplemental Listing Document) and the Rebalancing Cost (as defined in the relevant Supplemental Listing Document).

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED CALL WARRANTS

1. Form, Status and Guarantee, Transfer and Title

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

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 Warrants (the “**Warrantholders**”) 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 Warrants 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 Warrants provide for cash settlement on exercise. The Warrants do not entitle Warrantholders to the delivery of any Shares, are not secured by Shares and do not entitle Warrantholders to any interest in any Shares.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warranholders 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 Warranholders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warranholders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warranholder 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 Warranholder. 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 Warranholder.

For the purposes of this Condition:

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

"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. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warranthead, 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 Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to the Entitlement (subject to adjustment as provided in Condition 6) for the time being multiplied by (i) the arithmetic mean of the closing price of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below), LESS (ii) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being.

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

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares 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 Shares 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.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantheaders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warrantheolders 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 Warrantheolders in accordance with Condition 4.

- (c) *No Rights.* The purchase of Warrants does not confer on the Warrantheolder any right (whether in respect of voting, dividend or other distributions in respect of the Shares or otherwise) which the holder of a Share may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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, the immediately preceding Business Day.

4. Exercise of Warrants

- (a) *Exercise.* Warrants 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.* Warrantheolders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants 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 Warrants 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 or negative, all Warrants 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 Warrantheolders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheolder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheolder only (or, in the case of joint Warrantheolders, the first-named Warrantheolder) 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 Warrantheolder and posted to the Warrantheolder's address appearing in the records maintained by CDP (or, in the case of joint Warrantheolders, to the address of the first-named Warrantheolder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantheolder 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 Warrants 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 Singapore Exchange Securities Trading Limited ("**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 Warrants 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 Warrantheolders 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 Warrantholders. 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 Warrantholders.

6. Adjustments

- (a) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:-

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Shares on the last Business Day on which Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

- (c) *Share Splits or Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto shall be increased (in the case of a Subdivision), or the Entitlement decreased (in the case of a Consolidation) accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.
- (d) *Merger or Consolidation.* If it is announced that the Company:-
- (i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or
- (ii) is to or may sell or transfer all or substantially all of its assets,

then (except where the Company is the surviving corporation in a merger) the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Shares (as the case may be) to which a holder of the number of Shares comprising the Entitlement immediately prior to such Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Condition 6(d) and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

The Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants 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 Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders 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 Warrants 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 Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants 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 Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, 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 Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants 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 Warrantholders 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 Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, 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 Warrantholder.
- (b) *Notices.* All notices to Warrantholders 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 Warrant, give notice of the date of expiry of such Warrant 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 Warrants 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 Warrantheolders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time the Shares cease 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 Warrants 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 Warrantheolders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantheolder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *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 Warrantheolders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantheolders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantheolders in accordance with Condition 9 and Condition 13(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantheolder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantheolders in accordance with Condition 9.

14. Governing Law

The Warrants, 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 Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, 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.

15. Prescription

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

16. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED BASKET CALL WARRANTS

1. Form, Status and Guarantee, Transfer and Title

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

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 Warrants (the “**Warranholders**”) 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.

References in these Conditions to “**Company**” shall be a reference to a company comprising one of the Companies and references to “**Shares**” shall be a reference to the shares of the Companies or, as the context requires, to the shares of a particular Company.

- (b) *Status and Guarantee.* The Warrants 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 Warrants provide for cash settlement on exercise. The Warrants do not entitle Warranholders to the delivery of any Shares, are not secured by Shares and do not entitle Warranholders to any interest in any Shares.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

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

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warranholders 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 Warranholders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warranholders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warranholder 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 Warranholder. 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 Warranholder.

For the purposes of this Condition:

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

“**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. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, 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 Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to (i) the aggregate for all the Shares included in the Entitlement (subject to adjustment as provided in Condition 6) for the time being of the amount derived by multiplying (A) the number or fraction of the relevant Shares included in the Entitlement by (B) the arithmetic mean of the respective closing price of such Shares (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below), LESS (ii) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being.

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

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (bb) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares 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 Shares 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.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantheolders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warrantheolders 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 Warrantheolders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Warrants does not confer on the Warrantheolder any right (whether in respect of voting, dividend or other distributions in respect of the Shares or otherwise) which the holder of a Share may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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, the immediately preceding Business Day.

4. Exercise of Warrants

- (a) *Exercise.* Warrants 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.* Warrantheolders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants 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 Warrants 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 or negative, all Warrants 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 Warrantheolders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheolder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheolder only (or, in the case of joint Warrantheolders, the first-named Warrantheolder) 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 Warrantheolder and posted to the Warrantheolder’s address appearing in the records maintained by CDP (or, in the case of joint Warrantheolders, to the address of the first-named Warrantheolder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantheolder 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 Warrants 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 Singapore Exchange Securities Trading Limited (“**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 Warrants 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 Warrantheolders 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 Warrantheolders. 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 Warrantheolders.

6. Adjustments

- (a) *Rights Issues.* If and whenever any of the Companies shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement that relates to the Share(s) of the Company making the Rights Offer will be adjusted to take effect on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s)} \\ \text{of the Company making the} \\ \text{Rights Offer} \end{array} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever any of the Companies shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities

account would qualify for the Bonus Issue in accordance with the following formula:-

Adjusted Entitlement
insofar as it relates to the Share(s) of = $(1 + N) \times E$
the Company making the Bonus Issue

Where:-

E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue

N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Share(s) of the Company making the Bonus Issue on the last Business Day on which such Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(c) *Share Splits or Consolidations.* If and whenever any of the Companies shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement insofar as it relates to the Share(s) of the Company making the Subdivision in effect immediately prior thereto shall be increased or the Entitlement insofar as it relates to the Share(s) of the Company making the Consolidation decreased accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(d) *Merger or Consolidation.* If it is announced that any of the Companies:-

(i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or

(ii) is to or may sell or transfer all or substantially all of its assets,

then (except where that Company is the surviving corporation in a merger), the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Share(s) (as the case may be) to which a holder of the number of Shares of the Company that has undergone the Restructuring Event which were included in the Entitlement immediately prior to the Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter, in respect of the Shares of the Company that has undergone the Restructuring Event, the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares (whether of the Company that has undergone the Restructuring Event or of the other Companies) shall not be affected by this Condition 6(d) and, where

cash is offered in substitution for the relevant Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to such Shares shall include any such cash.

The Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants 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 Warrantholders generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders 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 Warrants 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 Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants 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 Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, 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 Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants 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 Warrantholders 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 Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, 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 Warrantholder.
- (b) *Notices.* All notices to Warrantholders 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 Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of all of the Companies 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 their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, 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 any of the Companies, 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 Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time any of the Shares cease 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 Warrants 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 Warrantholders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where any of the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *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 Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 13(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

14. Governing Law

The Warrants, 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 Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, 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.

15. Prescription

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

16. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE INDEX CALL WARRANTS

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 17 June 2022, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

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 Warrants (the “**Warrantholders**”) 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 Warrants 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 Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warranholders 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 Warranholders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warranholders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warranholder 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 Warranholder. 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 Warranholder.

For the purposes of this Condition:

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

"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. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantheader, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.
- (b) *Exercise Expenses.* Warrantheaders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warrantheaders 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 Warrantheaders in accordance with Condition 4.

3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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 Warrants**

- (a) *Exercise.* Warrants 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.* Warrantheaders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by the Closing Level of the Index. If the Closing Level of the Index is greater than the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants 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 Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Closing Level of the Index is less than or equal to the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants 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 Warrantheaders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheader the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheader only (or, in the case of joint Warrantheaders, the first-named Warrantheader) 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 Warrantheader and posted to the Warrantheader’s address appearing in the records maintained by CDP (or, in the case of joint Warrantheaders, to the address of the first-named Warrantheader 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 the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence, on a Valuation Date, of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Index; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Index on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder 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 Warrants 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 and an “**Index Business Day**” shall be a day on which the Index is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor and where the Index closes at the normal trading hours.

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 Warrants 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 Warrantholders 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 Warrantholders. 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 Warrantholders.

6. Adjustments to the Index

- (a) *Successor Sponsor Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of Index.* If:-
- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index,

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warranholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warranholders; Modification

- (a) *Meetings of Warranholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warranholders 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 Warrants 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 Warranholders.

Such a meeting may be convened by the Issuer or by Warranholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warranholders whatever the number of Warrants 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 Warranholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warranholders shall be binding on all the Warranholders 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 Warranholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warranholders or (ii) any modification of the provisions of the Warrants 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 Warranholders 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 Warranholder or to which a Warranholder is entitled or which the Issuer shall have agreed to deliver to a Warranholder may be delivered by hand or sent by post addressed to the Warranholder at his address appearing in the records maintained by CDP or, in the case of joint Warranholders, 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 Warranholder.
- (b) *Notices.* All notices to Warranholders 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 Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

10. Further Issues

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

11. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warranholders in accordance with Condition 9 and Condition 11(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warranholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warranholders in accordance with Condition 9.

12. Governing Law

The Warrants, 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 Warranholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, 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.

13. Prescription

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

14. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Equity Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Equity Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

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

1. Form, Status and Guarantee, Transfer and Title

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

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

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

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

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

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

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

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

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

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

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

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

(the “**Statutory Bail-In**”);

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

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

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

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

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

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

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

For the purposes of this Condition:

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

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

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

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

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

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

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

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

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

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

4. Exercise of Certificates

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

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

5. Warrant Agent

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

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "**Potential Adjustment Event**" means any of the following:
 - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

- (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
 - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
 - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option

Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

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

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

which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious

error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

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

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

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

13. Early Termination

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

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

For the purposes of this Condition:

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

“**Change in law**” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or

application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

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

For the purposes of this Condition:

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

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

14. Substitution of the Issuer

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

Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

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

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

15. Governing Law

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

16. Prescription

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

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

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

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Index Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Index Certificates. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES

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 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 17 June 2022, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

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

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise.

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

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

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

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

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

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

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

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

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

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

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

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

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

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

For the purposes of this Condition:

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

"Bail-In Power" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank,

banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

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

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

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (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:

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

- (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.

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 the Closing Level. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject

to extension upon the occurrence of a Market Disruption Event (as defined below)) 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 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 Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days 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 Index Business Day 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 Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Underlying Reference Index or the PR Index, as the case may be; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Underlying Reference Index or the PR Index, as the case may be, on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Underlying Reference Index or the PR Index, as the case may be, are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or
- (E) failure from the Index Sponsor or the Underlying Reference Index Sponsor, as the case may be, to compute, publish and disseminate the level of the Index or the PR Index or the Underlying Reference Index, as the case may be, or material limitation to access the level of the PR Index or Index or the Underlying Reference Index, as the case may be.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (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 and an “**Index Business Day**” shall be a day on which the Leveraged Index or the Index, as the case may be, is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor (as defined below)

and where the Leveraged Index or the Index closes at the normal trading hours.

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 to the Leveraged Index/Underlying Reference Index/Index/PR Index

- (a) *Successor Sponsor Calculates and Reports Leveraged Index, Underlying Reference Index, Index or PR Index.* If the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, is (i) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor to the relevant Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, then the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, will be deemed to be the index so calculated and announced by the relevant Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of the Leveraged Index/Underlying Reference Index/Index/PR Index.* If:-
 - (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, or in any other way materially modifies the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, (other than a modification prescribed in that formula or method to maintain the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, in the event of changes in constituent stock, contracts or commodities and other routine events); or
 - (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be,

then the Issuer shall determine the Final Reference Level using, in lieu of a published level for the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, the level for the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, last in effect prior to that change or failure, but using only those securities/commodities that comprised the Underlying Reference Index or the PR Index, as the case may be, immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *FRTB Event.* Where a FRTB Event (as defined below) occurs, if the Certificates are not terminated in accordance with Condition 11, the Calculation Agent may substitute the affected index with an index determined by the Calculation Agent as being similar to the benchmark of the affected index or, in the absence of benchmark for the affected index as having an investment strategy similar to the investment strategy of the affected index.

For the purposes of this Condition:

“**FRTB Event**” means, if the index components of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index comprise, without limitation, one or more securities that are units of trusts or funds, in respect of such units, from 1 January 2023, the trust or the trust service provider, or the fund or the fund service provider (a) does not make publicly available on a voluntary basis or as the case may be, as required by applicable laws and regulations, the FRTB Information and (b) in breach of a bilateral agreement with the Issuer and/or any of its affiliates, if any, does not provide the Issuer and/or any of its affiliates with the FRTB Information and as a consequence, the Issuer or any of its affiliates would incur materially increased (as compared with circumstances existing on the Issue Date of the Certificates) capital requirements pursuant to the Fundamental Review of the Trading Book as implemented into French law, in holding such units.

“**FRTB Information**” means sufficient information, including relevant sensitivities, in a processable format to enable the Issuer and/or any of its affiliates, as a holder of units of a trust or a fund to calculate its market risk in relation thereto as if it were holding directly the assets of such trust or fund.

- (d) *Notice of Determinations.* 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 determinations 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. 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.

11. 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 11(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 not being able to find a successor to the Index Sponsor or a successor to the Leveraged Index or the Index, as the case may be.* If (i) the Index Sponsor is not able to calculate and announce the Leveraged Index or the Index, as the case may be, and the Issuer is not able to find an acceptable successor to the Index Sponsor or (ii) the Leveraged Index or the Index, as the case may be, becomes unavailable and the Issuer is not able to find a successor to the Leveraged Index or the Index, the Issuer may at its sole discretion and without obligation terminate the Certificates in accordance with Condition 11(e).
- (c) *Early Termination for Holding Limit Event and FRTB Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 11(e) where a Holding Limit Event (as defined below) or FRTB Event 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 one or more index components of the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of such index component(s), of such index component(s) 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.

- (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 11(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, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as

determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

12. 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.

13. 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.

14. 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.

15. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED PUT WARRANTS

1. Form, Status and Guarantee, Transfer and Title

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

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 Warrants (the “**Warrantholders**”) 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 Warrants 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 Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warranholders 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 Warranholders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warranholders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warranholder 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 Warranholder. 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 Warranholder.

For the purposes of this Condition:

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

"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. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warranthead, 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 Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to the Entitlement (subject to adjustment as provided in Condition 6) for the time being multiplied by (i) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being, LESS (ii) the arithmetic mean of the closing price of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below).

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

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares 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 Shares 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.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantheaders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warrantheolders 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 Warrantheolders in accordance with Condition 4.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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, the immediately preceding Business Day.

4. Exercise of Warrants

- (a) *Exercise.* Warrants 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.* Warrantheolders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants 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 Warrants 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 or negative, all Warrants 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 Warrantheolders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantheolder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantheolder only (or, in the case of joint Warrantheolders, the first-named Warrantheolder) 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 Warrantheolder and posted to the Warrantheolder's address appearing in the records maintained by CDP (or, in the case of joint Warrantheolders, to the address of the first-named Warrantheolder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantheolder 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 Warrants 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 Singapore Exchange Securities Trading Limited ("**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 Warrants 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 Warrantheolders 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 Warrantheolders. 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 Warrantheolders.

6. Adjustments

- (a) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

- E : Existing Entitlement immediately prior to the relevant event giving rise to the adjustment
- S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right
- M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:-

- E : Existing Entitlement immediately prior to the Bonus Issue
- N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Shares on the last Business Day on which Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted

Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

- (c) *Share Splits or Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement in effect immediately prior thereto shall be increased (in the case of a Subdivision), or the Entitlement decreased (in the case of a Consolidation) accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.
- (d) *Merger or Consolidation.* If it is announced that the Company:-
- (i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation); or
- (ii) is to or may sell or transfer all or substantially all of its assets,

then (except where the Company is the surviving corporation in a merger) the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Shares (as the case may be) to which a holder of the number of Shares comprising the Entitlement immediately prior to such Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Condition 6(d) and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

The Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer’s sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants 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 Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantheolders. 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warranholders; Modification

- (a) *Meetings of Warranholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warranholders 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 Warrants 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 Warranholders.

Such a meeting may be convened by the Issuer or by Warranholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warranholders whatever the number of Warrants 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 Warranholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warranholders shall be binding on all the Warranholders, 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 Warranholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warranholders or (ii) any modification of the provisions of the Warrants 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 Warranholders 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 Warranholder or to which a Warranholder is entitled or which the Issuer shall have agreed to deliver to a Warranholder may be delivered by hand or sent by post addressed to the Warranholder at his address appearing in the records maintained by CDP or, in the case of joint Warranholders, 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 Warranholder.
- (b) *Notices.* All notices to Warranholders 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 Warrant, give notice of the date of expiry of such Warrant 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 Warrants 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 Warrantheolders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time the Shares cease 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 Warrants 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 Warrantheolders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantheolder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantheolders, make such adjustments to the entitlements of Warrantheolders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *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 Warrantheolders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantheolders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantheolders in accordance with Condition 9 and Condition 13(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantheolder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantheolders in accordance with Condition 9.

14. Governing Law

The Warrants, 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 Warrantheolder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the

Warrants, 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.

15. Prescription

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

16. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED BASKET PUT WARRANTS

1. Form, Status and Guarantee, Transfer and Title

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

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 Warrants (the “**Warrantholders**”) 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.

References in these Conditions to “**Company**” shall be a reference to a company comprising one of the Companies and references to “**Shares**” shall be a reference to the shares of the Companies or, as the context requires, to the shares of a particular Company.

- (b) *Status and Guarantee.* The Warrants 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 Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

- (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warrantheolders 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 Warrantheolders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warrantheolders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warrantheolder 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 Warrantheolder. 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 Warrantheolder.

For the purposes of this Condition:

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

"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. Warrant Rights and Exercise Expenses

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warrantholder, 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 Exercise Amount of Warrants, shall be an amount (if positive) payable in the Settlement Currency equal to (i) the Exercise Price (subject to adjustment as provided in Condition 6) for the time being, LESS (ii) the aggregate for all the Shares included in the Entitlement (subject to adjustment as provided in Condition 6) for the time being of the amount derived by multiplying (A) the number or fraction of the relevant Shares included in the Entitlement by (B) the arithmetic mean of the respective closing price of such Shares (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing price determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below).

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

- (i) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (aa) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (bb) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange in the Shares 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 Shares 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.

“**Valuation Date**” means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warrantholders 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 Warrantholders in accordance with Condition 4.

3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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, the immediately preceding Business Day.

4. **Exercise of Warrants**

- (a) *Exercise.* Warrants 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.* Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants 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 Warrants 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 or negative, all Warrants 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 Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) 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 Warrantholder and posted to the Warrantholder’s address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder 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 Warrants 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 Singapore Exchange Securities Trading Limited (“**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 Warrants 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 Warrantholders 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 Warrantholders. 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 Warrantholders.

6. Adjustments

- (a) *Rights Issues.* If and whenever any of the Companies shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement that relates to the Share(s) of the Company making the Rights Offer will be adjusted to take effect on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Rights Offer in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s)} \\ \text{of the Company making the} \\ \text{Rights Offer} \end{array} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:-

E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the relevant event giving rise to the adjustment

S : Cum-Rights Share price determined by the closing price on the Relevant Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R : Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits forgone to exercise the Right

M : Number of new shares (whether a whole or a fraction) per Share each holder of Shares is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, all as determined by the Issuer, then no adjustment shall be made to the Entitlement. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

For the purposes of these Conditions, “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

- (b) *Bonus Issues.* If and whenever any of the Companies shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be increased on the Business Day following the last day on which Shares must be standing to the credit of a securities account with CDP so that the holder of such securities account would qualify for the Bonus Issue in accordance with the following formula:-

$$\begin{array}{l} \text{Adjusted Entitlement} \\ \text{insofar as it relates to the Share(s) of} \\ \text{the Company making the Bonus Issue} \end{array} = (1 + N) \times E$$

Where:-

E : Existing Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue

N : Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

No adjustment of the Entitlement will be made (i) for a Bonus Issue with an intrinsic value of less than three per cent. of the market value of the Share(s) of the Company making the Bonus Issue on the last Business Day on which such Shares are traded on a cum-Bonus basis or (ii) if the adjustment to the Entitlement is less than one per cent. of the Entitlement immediately prior to the adjustment, all as determined by the Issuer. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(c) *Share Splits or Consolidations.* If and whenever any of the Companies shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), the Entitlement insofar as it relates to the Share(s) of the Company making the Subdivision in effect immediately prior thereto shall be increased or the Entitlement insofar as it relates to the Share(s) of the Company making the Consolidation decreased accordingly, in each case, on the Business Day following the day on which the relevant Subdivision or Consolidation shall have taken effect. In addition the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest decimal place) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. This adjustment shall take effect on the same day that the Entitlement is adjusted.

(d) *Merger or Consolidation.* If it is announced that any of the Companies:-

(i) is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) ; or

(ii) is to or may sell or transfer all or substantially all of its assets;

then (except where that Company is the surviving corporation in a merger), the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation (as determined by the Issuer) of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) so that the Entitlement may, after such Restructuring Event, be adjusted to reflect the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (together the “**Substituted Securities**”) or cash offered in substitution for Share(s) (as the case may be) to which a holder of the number of Shares of the Company that has undergone the Restructuring Event which were included in the Entitlement immediately prior to the Restructuring Event would have been entitled upon such Restructuring Event.

Thereafter, in respect of the Shares of the Company that has undergone the Restructuring Event, the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the Settlement Currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares (whether of the Company that has undergone the Restructuring Event or of the other Companies) shall not be affected by this Condition 6(d) and, where cash is offered in substitution for the relevant Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to such Shares shall include any such cash.

The Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants 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 Warrantheolders generally (without considering the circumstances of any individual Warrantheolder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantheolders. 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warrantheolders; Modification

- (a) *Meetings of Warrantheolders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantheolders 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 Warrants 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 Warrantheolders.

Such a meeting may be convened by the Issuer or by Warrantheolders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantheolders whatever the number of Warrants 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 Warrantheolders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantheolders shall be binding on all the Warrantheolders, 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 Warrantheolders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantheolders or (ii) any modification of the provisions of the Warrants 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 Warrantheolders 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 Warrantheolder or to which a Warrantheolder is entitled or which the Issuer shall have agreed to deliver to a

Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, 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 Warrantholder.

- (b) *Notices.* All notices to Warrantholders 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 Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of all of the Companies 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 their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, 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 any of the Companies, 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 Warrantholders, to create and issue further warrants so as to form a single series with the Warrants, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time any of the Shares cease 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 Warrants 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 Warrantholders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where any of the Shares are, or, upon delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *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 Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at

its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9 and Condition 13(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

14. Governing Law

The Warrants, 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 Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, 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.

15. Prescription

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

16. 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.

The relevant Conditions will be supplemented by the supplemental provisions contained in the relevant Supplemental Listing Document. The applicable Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions, replace or modify the relevant Conditions for the purpose of such series of Warrants. Capitalised terms used in the Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Supplemental Listing Document.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE INDEX PUT WARRANTS

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 17 June 2022, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Warrants.

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 Warrants (the “**Warrantholders**”) 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 Warrants 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 Warrants provide for cash settlement on exercise.

The due and punctual payment of any amounts due by the Issuer in respect of the Warrants 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 Warrantholder under the terms of the Warrants, such Warrantholder 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 Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.
- (e) *Bail-In.* By the acquisition of Warrants, each Warrantholder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Warrants) 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 Warrants, 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 Warrantholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Warrants, in which case the Warrantholder agrees to accept in lieu of its rights under the Warrants any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;
 - (C) the cancellation of the Warrants; and/or
 - (D) the amendment or alteration of the expiration of the Warrants or amendment of the amounts payable on the Warrants, or the date on which the amounts become payable, including by suspending payment for a temporary period; andthat terms of the Warrants are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);
 - (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):
 - (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Warrants will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Warranholders 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 Warranholders as if, in either case, the Warrants had been directly issued by the Guarantor itself and any Amount Due under the Warrants 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 Warrants 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 Warrants, the Issuer or the Guarantor will provide a written notice to the Warranholders 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 Warrants described above.

Neither a cancellation of the Warrants, 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 Warrants will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Warranholder 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 Warranholder. 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 Warranholder.

For the purposes of this Condition:

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

"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. **Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Exercise Amount of Warrants entitles each Warranholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.
- (b) *Exercise Expenses.* Warranholders will be required to pay all charges which are incurred in respect of the exercise of the Warrants (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 Warranholders 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 Warranholders in accordance with Condition 4.

3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Warrants 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 Warrants**

- (a) *Exercise.* Warrants 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.* Warranholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by the Closing Level of the Index. If the Strike Level is greater than the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants 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 Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Strike Level is less than or equal to the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants 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 Warranholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warranholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warranholder only (or, in the case of joint Warranholders, the first-named Warranholder) 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 Warranholder and posted to the Warranholder’s address appearing in the records maintained by CDP (or, in the case of joint Warranholders, to the address of the first-named Warranholder 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 the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence, on a Valuation Date, of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Index; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Index on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition, (aa) the limitation on the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder 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 Warrants 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 and an “**Index Business Day**” shall be a day on which the Index is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor and where the Index closes at the normal trading hours.

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 Warrants 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 Warrantholders 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 Warrantholders. 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 Warrantholders.

6. Adjustments to the Index

- (a) *Successor Sponsor Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.
- (b) *Modification and Cessation of Calculation of Index.* If:-
- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index,

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

- (c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Warrantholders; Modification

- (a) *Meetings of Warrantholders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders 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 Warrants 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 Warrantholders.

Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Warrantholders whatever the number of Warrants 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 Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders 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 Warranholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warranholders or (ii) any modification of the provisions of the Warrants 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 Warranholders 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 Warranholder or to which a Warranholder is entitled or which the Issuer shall have agreed to deliver to a Warranholder may be delivered by hand or sent by post addressed to the Warranholder at his address appearing in the records maintained by CDP or, in the case of joint Warranholders, 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 Warranholder.
- (b) *Notices.* All notices to Warranholders 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 Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above.

10. Further Issues

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

11. Early Termination for Illegality and Force Majeure, etc.

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants 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 Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warranholders in accordance with Condition 9 and Condition 11(b).

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.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warranholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warranholders in accordance with Condition 9.

12. Governing Law

The Warrants, 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 Warranholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, 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.

13. Prescription

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

14. 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.

TERMS AND CONDITIONS OF THE OTHER WARRANTS

The terms and conditions of any other Warrants issued by the Issuer pursuant to this Base Listing Document will be set out in the relevant Supplemental Listing Document in relation to such series of Warrants issued by the Issuer.

DESCRIPTION OF THE DESIGNATED MARKET-MAKER

Information on the Designated Market-Maker in relation to the Warrants will be set out in the relevant Supplemental Listing Document.

TAXATION

The comments below are of a general nature and are only a summary of the law and practice currently applicable in Singapore and the United States of America as at the date of this document and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. The comments relate to the position of persons who are the absolute beneficial owners of the Warrants and may not apply equally to all persons. Neither these statements nor any other statements in this document are to be regarded as advice on the tax position of any holder of the Warrants or of any person acquiring, selling or otherwise dealing with the Warrants or on any tax implications arising from the acquisition, sale or other dealings in respect of the Warrants. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Warrants and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Warrants are advised to consult their own tax advisors as to the Singapore, the United States of America or other tax consequences of the acquisition, ownership of or disposal of the Warrants, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. In particular, this general summary does not consider any specific facts or circumstances that may apply to any particular purchaser. It is emphasised that neither the Issuer nor any other persons involved in the preparation of this document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Warrants.

GENERAL

Purchasers and sellers of the Warrants may be required to pay stamp duties, taxes or other charges in accordance with the laws and practice of the country of purchase or sale in addition to the issue price of each Warrant.

TAXATION IN SINGAPORE

The comments below are of a general nature based on the Issuer's understanding of current Singapore law and practice. They summarise certain aspects of Singapore taxation only which may be applicable to the Warrants but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold, transfer or redeem the Warrants. In particular, this general summary may not apply to all types of Warrants issued from time to time by the Issuer pursuant to this document. In addition, this general summary is based on the assumption that all types of Warrants issued from time to time by the Issuer pursuant to this document will be cash settled and thus does not cover the tax implications relating to a physical settlement of such Warrants.

General

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore from outside Singapore. However, foreign-sourced income in the form of, amongst certain other things, dividends received or deemed to be received in Singapore by Singapore tax residents on or after 1 June 2003 will be exempt from income tax if certain prescribed conditions are met. The conditions for the exemption include that the recipient must receive the foreign-sourced income directly from a jurisdiction with a headline (or highest published) corporate rate of income tax on gains or profits from a trade or business of at least 15 per cent. and the foreign dividend (or the underlying income out of which the dividend was paid) must have been subject to tax in the foreign jurisdiction or been granted a tax holiday for substantive business activities carried out in that foreign jurisdiction.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to the above conditions.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore. All foreign-sourced income received (except for income received through a partnership in Singapore) in Singapore on or after 1 January 2004 by Singapore tax resident individuals will be exempt from income tax.

Non-resident corporate taxpayers are subject to income tax on income accrued in or derived from Singapore, and on foreign-sourced income received in Singapore, subject to certain exceptions. Non-resident individuals, subject to certain exceptions, are subject to income tax on income accrued in or derived from Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in

Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Distributions

As the Issuer is incorporated in Luxembourg and is not tax resident in Singapore for Singapore tax purposes, distributions paid by the Issuer on the Warrants may generally be considered as sourced outside Singapore (unless the Warrants are held as part of a trade or business carried out in Singapore in which event the holders of such Warrants may be taxed on the distributions as they are derived, subject to any applicable tax exemption or incentive).

Foreign-sourced income received or deemed received in Singapore by an individual not resident in Singapore are exempt from Singapore income tax. This exemption will also apply in the case of a Singapore tax resident individual who receives foreign-sourced income in Singapore (except where such income is received through a partnership in Singapore).

Foreign-sourced income received or deemed received by corporate investors in Singapore may be subject to Singapore income tax, unless reliance can be placed on any applicable tax exemption or incentive available to such investors.

Capital Gains

Singapore imposes a tax on income but does not impose tax on gains which are considered non-income (i.e., gains which are considered to be capital in nature). There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital. In the case of a trader, gains from transactions in the Warrants, including any gain upon the closing out of cash-settled Warrants, would generally be subject to tax. On the other hand, where a Warrant is acquired otherwise than as part of a trade or business carried on by the holder of the Warrants, any gains made from the acquisition and disposal, exercise or expiry of the Warrant are more likely to be viewed as non-income in nature, and accordingly, such gains from transactions in the Warrants should not be subject to Singapore tax. However, the question of whether a gain is income or capital ultimately remains a matter of fact based on the personal circumstances of the holder of the Warrants. Holders of the Warrants should therefore consult their own tax advisers if they are in any doubt as to the treatment that would be applicable to them.

Income Tax Implications Arising from the Adoption of Financial Reporting Standard (“FRS”) 39, FRS 109 and Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”)

Section 34A of the Income Tax Act 1947 of Singapore (“ITA”) provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Warrants in Singapore who apply, or who are required to apply, FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) may be required to recognize gains or losses (not being gains or losses in the nature of capital) for the purposes of Singapore income tax in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale, exercise or disposal of the Warrants is made.

Purchasers and holders of the Warrants who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding, disposal, exercise, non-exercise or redemption of the Warrants.

Goods and Services Tax

Under the Goods and Services Tax Act 1993 of Singapore (“**GST Act**”), the issue, allotment or transfer of ownership of an equity security (i.e., any interest in or right to a share in the capital of a body corporate or any option to acquire any such interest or right) and the renewal or variation of an equity security are exempt supplies not subject to Goods and Services Tax (“**GST**”) under the GST Act. The GST Act does not, however, contain any specific provision relating to the GST treatment of all kinds of warrants (e.g., warrants relating to a basket of securities or an index rather than a particular security or cash-settled warrants). The Issuer is nevertheless of the view that the issue, allotment, transfer of ownership, renewal or variation of such Warrants should in practice not be subject to GST. Notwithstanding the above, holders of the Warrants should consult their own tax advisers if they are in any doubt of the treatment that would be applicable.

Stamp Duty

Singapore stamp duty is not chargeable upon the transfer of any Warrant through the book-entry settlement system of The Central Depository (Pte) Limited.

The above does not purport to be a comprehensive description of all of the tax considerations that may be relevant to the ownership and disposal of the Warrants and the underlying shares, securities or index, and does not consider any specific facts or circumstances that may apply to a particular investor. Investors are therefore urged to consult their tax advisers regarding income and other tax consequences of owning and disposing of the Warrants and the underlying shares, securities or index under Singapore law and under the laws of any other country to which they may be subject.

TAXATION IN THE UNITED STATES OF AMERICA

Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Warrants, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Warrants, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments on instruments such as the Warrants, such withholding would not apply prior to the date that is two years after the date on which the final U.S. Treasury Regulations defining “foreign passthru payments” are published in the Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Warrants. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Warrants, no person will be required to pay additional amounts as a result of the withholding.

Section 871(m) of the U.S. Internal Revenue Code of 1986

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (“**Section 871(m) Regulations**”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to the Section 871(m) Regulations (a “**Non-U.S. Holder**”) with respect to certain financial instruments linked to U.S. equities (or other securities that can pay U.S.-source dividend income) or indices that include U.S. equities (or such securities) (“**U.S. Underlying Equities**”). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (“**IRS**”) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Specifically, the Section 871(m) Regulations will generally apply to Warrants the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer (such date being the “pricing date”) based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the relevant notices describing these rules, such Warrants are deemed “delta-one” instruments) (“**Specified Securities**”). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Securities, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. The Section 871(m) Regulations are scheduled to apply to a broader range of derivative instruments referencing U.S. Underlying Equity(ies) as of 1 January 2023.

Warrants that track certain broad-based indices that meet the requirements of a “Qualified Index” as set forth in the applicable rules under the Section 871(m) Regulations are not subject to withholding under the Section 871(m) Regulations and will not be treated as Specified Securities. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of such Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination.

Even where a Warrant is a Specified Security, no tax should be imposed under the Section 871(m) Regulations as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Warrants or (2) both (x) no additional amount is paid to the holder of a Warrant in respect of any such dividend and (y) as reasonably estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Securities). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Warrants to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under the Section 871(m) Regulations on the Warrants even if one or more dividends are paid with respect to a U.S. Underlying Equity.

In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor’s individual tax situation will not be taken into account. Warrants linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Security will not be subject to withholding tax under the Section 871(m) Regulations.

The Issuer has determined that generally Warrants should not be “delta-one” transactions within the meaning of the relevant notices or should be delta-one transactions that track Qualified Indices and, therefore, should not be Specified Securities subject to withholding tax under the Section 871(m) Regulations, though products issued after 1 January 2023 linked to U.S. Underlying Equities may be subject to the Section 871(m) Regulations even if they are not “delta-one.” The Issuer will indicate if a particular issuance is subject to the Section 871(m) Regulations in the applicable Supplemental Listing Documents. Investors are advised that the Issuer’s determination is binding on all Non-U.S. Holders of the Warrants, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer’s determination. In the case of Warrants tracking Qualified Indices, the Issuer may be restricted in its ability to issue or sell additional Warrants if the status of an underlying index becomes non-qualified in a future year while the Warrant is outstanding.

The rules of the Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Warrants may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that holders of the Warrants are subject to withholding tax ex post.**

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Security (including any amounts withheld on income with respect to the Issuer’s hedge of a Specified Security), holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

Investors should consult their tax adviser regarding the potential application of the Section 871(m) Regulations to their investment in the Warrants.

SALES RESTRICTIONS

General

No action has been or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants 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 holder of the Warrants undertakes that it will inform any subsequent purchaser of the terms and conditions of the Warrants and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a holder of the Warrants for the purposes of the Warrants and shall be bound by the terms and conditions of the Warrants.

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 Warrants may not be circulated or distributed, nor may Warrants 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 Warrants 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 Warrants (except for Warrants 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 Warrants, 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 Warrants 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 Warrants 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 Warrants which are the subject of the offering as contemplated by this Base Listing 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 Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Warrants 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 Warrants which are the subject of the offering as contemplated by this Base Listing 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 Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

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

- (a) in respect to Warrants 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 Warrants 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 Warrants 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 Warrants 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 Warrants in, from or otherwise involving the United Kingdom.

United States

The Warrants 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 Warrants has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity

Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Warrants or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Warrants, 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 Warrants 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 Warrants, 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, Warrants 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 Warrants of any tranches must agree with the relevant dealer or the seller of such Warrants 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 Warrants 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 Warrants, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Warrants will be conditional upon certification that each person exercising or otherwise redeeming a Warrant is not a U.S. person or in the United States and that the Warrant 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 Warrants 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).

GENERAL INFORMATION

1. Settlement of trades done on a normal “ready basis” on the SGX-ST generally takes place on the second market day following the transaction date.
2. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the reports, included herein, in the form and context in which it is included. Their reports 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.
3. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office 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 updated audited financial statements, interim reports (if any) and quarterly reports (if any) of the Issuer;
 - (c) the updated audited financial statements, unaudited interim reports (if any) and unaudited quarterly reports (if any) of the Guarantor;
 - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 2 above; and
 - (e) the Guarantee.
4. 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, Singapore Branch at the above address for the attention of Société Générale Legal Department.
5. Save as disclosed in this document and its Appendices, 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 this document and the issuance of warrants hereunder.
6. Save as disclosed in this document including its Appendices, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2021 or the Guarantor since 31 March 2022, in each case in the context of the document and the issuance of warrants hereunder.

APPENDIX 1

FORM OF THE GUARANTEE

GUARANTEE OF SOCIÉTÉ GÉNÉRALE

This guarantee (the “**Guarantee**”) is made by way of deed poll by Société Générale, a *société anonyme* registered under No. 552 120 222 R.C.S. Paris, duly organized and existing under the laws of the Republic of France, with its principal office at 29 boulevard Haussmann, 75009 Paris, France (the “**Guarantor**”).

1. In this Guarantee, unless the context otherwise requires:

“**Exchange**” means Singapore Exchange Securities Trading Limited.

“**Creditor**” means any person to whom an Obligation is from time to time owed.

“**Obligation**” means any obligation or liability of SG Issuer, 16, Boulevard Royal, L-2449, Luxembourg (the “**Company**”) in respect of any warrants (the “**Warrants**”) permitted by the rules governing the listing of securities on the Exchange issued by the Company between 17 June 2022 and 16 June 2023 (the “**Issue Period**”) and any further Warrants issued by the Company after the Issue Period but forming part of the same series as the Warrants issued during the Issue Period listed on the Exchange together with all reasonable costs, commissions and other expenses incurred by any person in connection with the enforcement of this Guarantee and, for the avoidance of doubt, “**Obligations**” shall include any such obligation or liability assumed under or incurred pursuant to any novation, transfer, assignment or other similar agreement between the Company and any other company within the same group of companies as the Guarantor.

“**person**” means any person, firm, trust estate, corporation, association, cooperative, government or government agency, or other entity.

2. (a) The Guarantor hereby unconditionally and irrevocably guarantees, for the benefit of each Creditor, in accordance with the terms and conditions of this Guarantee, the full performance by the Company when due (whether at stated maturity, upon acceleration or otherwise) of each and every Obligation and in the event that the Company shall default in the due and punctual performance of any Obligation, undertakes to perform or procure the performance of such Obligation including the payment of all amounts payable by the Company in respect of such Obligation (in the case of any payment Obligation, in the currency in which the particular Obligation is expressed to be payable).

All references in this Guarantee to amounts payable by the Company shall (if applicable) be to such amounts as directly reduced, and/or in the case of conversion into equity, as reduced by the amount of such conversion, and/or otherwise modified from time to time resulting from the exercise of a Bail-In Power (as defined below) by any relevant authority.

As a separate and independent stipulation, the Guarantor agrees that each and every Obligation which is not binding on, or is not performed by, the Company for whatever reason and in whatever circumstance, shall nevertheless be performed by the Guarantor in accordance with its terms as though the Warrants had been issued by the Guarantor and as though the Guarantor were the sole or principal obligor in respect of such Obligation.

- (b) The Guarantor waives any right it may have of first requiring any Creditor to make demand, proceed or enforce any rights or security against the Company or any other person before making a claim against the Guarantor under this Guarantee.
3. The Creditor shall only be entitled to take or obtain the benefit of this Guarantee upon the condition that the Guarantor shall be entitled to deal with the Creditor, and the Creditor shall be obliged to deal with the Guarantor

with respect to the Obligation due to the Creditor and this Guarantee without the necessity or duty to rely on, act through or otherwise involve or deal with one another as principals in relation to the same provided that the rights, powers, privileges and remedies of the Creditor under this Guarantee shall not thereby be in any way limited or otherwise affected.

4. Each Creditor acknowledges, accepts, consents and agrees by its acquisition of the Obligations:
- (a) to be bound by the effect of the exercise of the Bail-In Power by the Relevant Resolution Authority (as defined below) or the regulator, which may include and result in any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Guarantor or another person (and the issue to the Creditor of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Guarantee, in which case the Creditor agrees to accept in lieu of its rights under this Guarantee any such shares, other securities or other obligations of the Guarantor or another person;
 - (iii) the cancellation of this Guarantee; and/or
 - (iv) the amendment or alteration of the expiration of this Guarantee or amendment of the amounts payable on this Guarantee, or the date on which the amounts become payable, including by suspending payment for a temporary period; and
 - (b) that the terms of this Guarantee 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.

For these purposes:

“Amounts Due” means any amounts due by the Guarantor under this Guarantee.

“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.

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-In Power on the Guarantor.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the regulator with respect to 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 Guarantor under the laws and regulations in effect in France and the European Union applicable to the Guarantor or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor, the Guarantor will provide a written notice to the Creditor as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Guarantor to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Obligations described above.

Neither a cancellation of this Guarantee, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Guarantor or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the regulator with respect to the Guarantor will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Creditor to any remedies (including equitable remedies) which are hereby expressly waived.

If the Relevant Resolution Authority or the regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Guarantor or the Relevant Resolution Authority or the regulator, any cancellation, write-off or conversion made in respect of the Amounts Due pursuant to the Bail-in Power will be made on a pro-rata basis.

The matters set forth in this Clause 4 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Guarantor and each Creditor. No expenses necessary for the procedures under this Clause 4, including, but not limited to, those incurred by the Guarantor, shall be borne by any Creditor.

5. No delay or omission on the part of the Creditor in exercising any right, power, privilege or remedy (hereinafter together called “**Rights**”) in respect of this Guarantee shall impair any such Rights or be construed as a waiver of any thereof nor shall any single or partial exercise of any such Rights preclude any further exercise thereof or the exercise of any other Rights. The Rights herein provided are cumulative and not exclusive of any rights, powers, privileges or remedies provided by law. Nothing in this Guarantee shall be construed as voiding, negating or restricting any right of set-off or any other right whatsoever existing in favour of the Creditor or arising at common law, by statute or otherwise howsoever.
6. This Guarantee is a continuing guarantee and shall not be satisfied, discharged or affected by any intermediate payment, performance or settlement of account. The provisions of this Guarantee shall continue in full force and effect until each and every Obligation shall have been performed in full.
7. The Guarantor shall be subrogated to all rights of the Creditors against the Company in respect of any amounts paid under this Guarantee, provided however that the Guarantor will not exercise any rights of subrogation or any other rights or remedies (including, without limiting the generality of the foregoing, the benefit of any security or right of set-off) which it may acquire due to its performance of any Obligation pursuant to the terms of this Guarantee and will not prove in the liquidation of the Company in competition with the Creditor unless and until each and every Obligation due to the Creditor hereby guaranteed have been satisfied in full by the Guarantor, and/or the Company. In the event that the Guarantor shall receive any payment or distribution on account of such rights while any Obligation remains outstanding, the Guarantor shall account for all amounts so received to the Creditor.
8. If the Guarantor makes a payment of any additional amount hereunder by reason of any requirement to deduct or withhold amounts from any payment hereunder and the Creditor determines that it has received or been granted a credit against or relief or payment of any tax paid or payable by it in respect thereof the Creditor shall to the extent that it can do so without prejudice to the retention of the amount of such credit relief or repayment pay to the Guarantor such amount as shall be attributable to such deduction provided that nothing contained in this clause

shall interfere with the right of any Creditor to arrange its tax affairs in whatsoever manner it thinks fit and, in particular, no Creditor shall be under any obligation to claim relief in respect of any such deduction in priority to any other claims for relief available to it.

9. Any notice in respect of this Guarantee will be sufficiently given to a party if in writing and delivered in person, sent by certified or registered mail (airmail, if overseas) or their equivalent (with return receipt requested or by overnight courier or given by telex) (with answerback received). A notice will be effective:
 - (a) if delivered by hand or sent by overnight courier, on the day it is delivered (or if that day is not a day on which commercial banks are open for business in Paris and Singapore (a “**Banking Day**”), or if delivered after the close of business on a Banking Day, on the first following day that is a Banking Day);
 - (b) if sent by telex, on the day of the recipient’s answerback is received (or if that day is not a Banking Day, or if after the close of business on a Banking Day, on the first following day that is a Banking Day); or
 - (c) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), three Banking Days after despatch if the recipient’s address for notice is in the same country as the place of despatch and otherwise seven Banking Days after despatch.
10. The liability of the Guarantor under this Guarantee shall not be affected by the liquidation, winding up or other incapacity of the Company. In the event that performance of any Obligation is avoided or reduced by virtue of any enactments for the time being in force relating to liquidation or insolvency the Creditor shall be entitled, subject to Clause 4, to recover the value or amount so avoided or reduced from the Guarantor as if such Obligation had not been performed by the Company.
11. This Guarantee shall remain in full force and effect irrespective of the validity, regularity, legality or enforceability against the Company of, or of any defence or counterclaim whatsoever available in relation to, any Obligation whether or not any action has been taken to enforce the same or any judgment obtained against the Company or any other person, whether or not any time, indulgence, waiver or consent has been granted to the Company or any other person by or on behalf of the Creditor; whether or not there have been any dealings or transactions between the Company or any other person and any of the Creditors; whether or not the Company or any other person has been dissolved, liquidated, merged, consolidated, become bankrupt, has changed its status, functions, control or ownership or conveyed or transferred its asset; whether or not the Company or any other person has been prevented from performing any Obligation by foreign exchange or any other provision applicable at its place of registration or incorporation, and whether or not any circumstances have occurred which might otherwise constitute a legal or equitable discharge of or a defence to a guarantor.
12. The Guarantor represents and warrants to the Creditor that it has the full power and authority, and has taken all necessary steps, to execute and deliver this Guarantee and to perform its obligations hereunder and this Guarantee constitutes the valid and binding obligations of the Guarantor and is enforceable in accordance with its terms.
13. Without prejudice to the guarantee provided by the Guarantor hereby, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any term of this Guarantee, but this does not affect any right or remedy of any person which exists or is available apart from that Act.
14. This Guarantee, and any non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with Singapore law. The Guarantor irrevocably agrees for the benefit of each holder of the Warrants that the courts of Singapore shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Guarantee (including any dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee) and that accordingly any suit, action or proceedings

(together referred to as “**Proceedings**”) arising out of or in connection with this Guarantee (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Guarantee) may be brought in the courts of Singapore.

15. The Guarantor irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of Singapore and irrevocably agrees that a final judgment in any Proceedings brought in the courts of Singapore shall be conclusive and binding upon the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing contained in Clause 14 or Clause 15 shall limit any right to take Proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions, whether concurrently or not.
16. The Guarantor hereby appoints Société Générale, Singapore Branch (“**SGSB**”), currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981 as its agent for service of process in Singapore in respect of any Proceedings and undertakes that in the event of SGSB ceasing so to act, it will appoint another person as its agent for that purpose.
17. In the event that any of the terms or provisions of this Guarantee are or shall become invalid, illegal or unenforceable, the remaining terms and provisions hereof shall survive unaffected.

APPENDIX 2

DESCRIPTION OF THE ISSUER

SG Issuer

1. Incorporation, Duration, Seat and Purpose

SG Issuer was incorporated on 16 November 2006 for an unlimited duration as a limited liability company under the laws of Luxembourg. SG Issuer's capital is mainly owned by Société Générale Luxembourg S.A. and has a minority ownership by Société Générale S.A. since 30 November 2020. SG Issuer's accounts are included in the consolidated accounts of Société Générale S.A., which is the largest body of undertakings of which SG Issuer forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

SG Issuer's registered address is located at 16, Boulevard Royal, L-2449, Luxembourg. SG Issuer is registered in the Luxembourg trade and companies register under No. B 121.363. SG Issuer has not established a place of business in Singapore.

SG Issuer's purpose and object pursuant to SG Issuer's Articles of Association, is to invest in particular financial instruments, or any other debt securities, acknowledgements of debts or capital securities and to issue debt securities, bonds, certificates, warrants and other debt securities or acknowledgements of debt or financial securities.

2. Share Capital

SG Issuer's issued capital as at 14 January 2022 is EUR 2,000,360 divided into 50,009 ordinary shares of EUR 40.00 each, all issued and fully paid up.

3. Indebtedness

As at 31 December 2021 SG Issuer has no hire purchase commitments, guarantees or other material contingent liabilities.

Under a debt instruments issuance programme, SG Issuer together with the Guarantor may issue medium term notes. As at 28 February 2022, debt instruments amounting to EUR 84,643.427 million (non-audited) were issued under the aforementioned programme. The medium term notes issued by SG Issuer under the Debt Instruments Issuance Programme are unconditionally and irrevocably guaranteed by the Guarantor.

4. Management and Supervision

Pursuant to SG Issuer's Articles of Association, SG Issuer is managed by an executive board under the supervision of a supervisory board. The members of the executive board as at 31 December 2021 are Thierry Bodson, Yves Cacclin, Alexandre Galliche, Pascal Jacob, Christian Rousson, Estelle Stephen-Jaspard and Laurent Weil (each individually a "**Director**" and collectively the "**Executive Board**"). The members of the supervisory board as at 31 December 2021 are Olivier Blanc, Angelo Bonetti, Grégory Claudy, Olivier Freitas and Pierre Lescourret. Save for Grégory Claudy, being appointed since September 2018 as an independent external member and president of audit committee of SGIS, all members of the Executive Board and the Supervisory Board hold full-time positions within the Société Générale Group.

The business address of Christian Rousson, Estelle Stephen-Jaspard and Laurent Weil as at 31 December 2021 is Tour Société Générale, 17, Cours Valmy, F-92987 Paris-La Défense 7, France. The business address of Thierry Bodson, Yves Cacclin, Alexandre Galliche and Pascal Jacob is 11, avenue Emile Reuter, L-2420 Luxembourg. The business address of Olivier Blanc and Olivier Freitas is 11, avenue Emile Reuter, L-2420 Luxembourg. The business address of Pierre Lescourret is Basalte, 4 boulevard Franck Kupcka, F-92800 Puteaux, France. The business address of Angelo Bonetti is Tour Société Générale, 17, Cours Valmy, F-92987 Paris-La Défense 7, France.

5. General Meetings of Shareholders

The annual general meeting of shareholders is held on the penultimate Thursday of March or, if it is not a bank working day in Luxembourg, the following day.

Shareholders are entitled to one vote per share. Resolutions proposed at ordinary annual general meetings of shareholders require a simple majority of the votes cast. Resolutions proposed at extraordinary meetings of

shareholders require a two third of the votes cast when the resolution deals with either a modification of the Issuer's Articles of Association or the Issuer's dissolution.

Each time all of the shareholders are present or represented and if they declare being informed of the agenda of the shareholders meeting, the shareholders meeting can be held without notification.

6. Financial Information

SG Issuer publishes both unaudited condensed interim financial information and report and audited annual financial statements following the end of each financial year. SG Issuer's financial year runs from 1 January to 31 December. SG Issuer does not publish consolidated statement.

For the six-month period ended 30 June 2021, the condensed interim financial information was published in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and reviewed, without qualification. For the financial year ended on 31 December 2020, the accounts were published in accordance with international financial reporting standards as adopted by the European Union (IFRS) and audited, without qualification.

SG Issuer's financial liabilities at fair value through profit or loss decreased from EUR 43,823.617 million on 31 December 2020 to EUR 41,038.704 million on 31 December 2021 (non-audited). The EUR 2,784.914 million (non-audited) decrease can be detailed as follows:

- Decrease of EUR 2,822.802 million (non-audited) for notes issued under the euro medium term note programme activity; and
- Increase of EUR 37.889 million (non-audited) for the warrants.

The nominal of warrants activity in the related off-balance sheet is approximately EUR 48,962.260 million as of 31 December 2021 (non-audited).

Save as disclosed in this document, no person has, or is entitled to be given, an option to subscribe for SG Issuer's shares or debentures.

SG Issuer's Deed of Incorporation provides that SG Issuer's directors may exercise all SG Issuer's powers to borrow money for the purposes of the company without limit and upon such terms as they think fit.

APPENDIX 3

DESCRIPTION OF THE GUARANTOR

Société Générale

1. Incorporation, Duration, Seat, Purpose and Financial Year

Société Générale was founded in France in 1864. It was then nationalized in 1945, but returned to the private sector in July 1987 as a *Société Anonyme* under the laws of the Republic of France. Its existence has been extended to 31 December 2047.

Société Générale, which is registered under n° 552 120 222 R.C.S. Paris, has its registered office at 29, boulevard Haussmann, 75009 Paris.

The purpose of Société Générale is to engage in banking, finance, insurance brokerage and credit operations in France and outside France with all persons, corporate entities, public and local authorities in accordance with the regulations applicable to *établissements de crédit* (credit institutions).

Société Générale may also engage on a regular basis in all transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the *Comité de la réglementation bancaire et financière* (French Banking and Financial Regulations Committee).

Generally, Société Générale may also carry out, on its own account, on behalf of third parties or in a joint venture, all financial, commercial, industrial or agricultural personalty and realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

The financial year of Société Générale runs from 1 January to 31 December.

2. Organisational Structure

Société Générale's subsidiaries included in its consolidated group as at 31 December 2021 are set out on pages 28 and 29 of the section headed "Group Management Report" in Appendix 5 of this document.

3. Business Overview

FRENCH RETAIL BANKING

French Retail Banking offers a wide range of products and services suited to the needs of a diversified base of individual and professional clients, businesses, non-profit associations and local authorities.

Leveraging the expertise of its teams and an efficient multi-channel distribution system, the pooling of best practices, and the optimised and digitalisation of processes, French Retail Banking combines the strengths of three complementary brands: Societe Generale, the renowned national bank, Crédit du Nord, a group of regional banks, and Boursorama Banque, a major online bank.

The Retail Banking networks are innovating to build the relationship-focused banking group of tomorrow. French Retail Banking is exemplified by its:

- industry-recognised customer service;
- leading position in online and mobile banking in France;
- robust sales momentum;
- constant adaptation to clients' needs and expectations.

On 7 December 2020, the Societe Generale Group announced the launch of merger plans for the Societe Generale and Cr dit du Nord banking networks and for Boursorama to enter a new phase of maturity, with a goal of 4.5 million clients by 2025.

French Retail Banking strives to improve client satisfaction across all segments and to further develop value-added services and assist businesses with their expansion in France and worldwide. It capitalises on synergies with the specialised business lines, notably with Insurance, Private Banking, and Corporate and Investment Banking. For example, French Retail Banking markets insurance products developed by Sog cap and Sogessur, subsidiaries operating in the International Retail Banking and Financial Services Division.

Life insurance outstandings amounted to EUR 98 billion at the end of 2021, compared with EUR 93.6 billion in 2020.

The networks continue to support the economy and help clients finance their projects, with growth in average loan outstandings up from EUR 217 billion in 2020 to EUR 221 billion in 2021. At the same time, and amid rife competition, deposit inflows showed resilience and resulted in a loan-to-deposit ratio of 86.8% in 2021, down 7 points on 2020.

France network

SOCIETE GENERALE NETWORK

The Societe Generale network offers solutions tailored to the needs of its 6.7 million individual clients as well as almost 430,000 professional clients, non-profit associations and corporate clients, representing EUR 108 billion in outstanding deposits and EUR 84 billion in outstanding loans in 2021.

To achieve this, the network leverages three major strengths:

- approximately 1,202 main branches located mainly in urban areas where a large proportion of national wealth is concentrated;
- an exhaustive and diversified range of products and services, ranging from savings vehicles and asset management solutions to corporate finance and payment means;
- a comprehensive and innovative omnichannel system spanning Internet, mobile, telephone and service platforms.

Societe Generale continued to expand its network and increase its service offering in 2021 in response to its clients' requirements and with a view to enhancing customer satisfaction. It notably improved its digital offering, focusing especially on professional and corporate clients - introducing a revamped the app and websites, promoting electronic signature services and other advantages - added Corporate and Investment Banking's SME/mid-cap services to the range of expertise available to corporate clients, and developed Shine, its 100% online banking subsidiary for professionals and VSBs. It also announced plans to look into the option of sharing ATMs with Cr dit du Nord, BNP Paribas and Cr dit Mutuel, with a view to improving accessibility for the clients of all four banks.

Societe Generale has made sustainable development the linchpin of its strategy. It took further steps last year to limit its direct environmental impact by reducing waste and shrinking its carbon footprint, and to address social issues. It also developed a new range of services designed to help clients achieve their own sustainable development and energy transition goals: 2021 saw the introduction of social and environmental loans for corporates, as well as a new range of 100% SRI savings vehicles for individual clients.

In 2021, Societe Generale and Cr dit du Nord confirmed plans to merge, combining their two networks to form a new retail bank serving 10 million clients. Four key principles have been defined for this new entity: it will be a bank with local roots, a bank that is more responsive, accessible and efficient, a bank better adapted to the specific needs of each client category, and a bank that is responsible. The two networks will officially merge on 1 January 2023, with a progressive

rollout of the new organisation culminating in 2025.

CRÉDIT DU NORD NETWORK

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

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

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

Crédit du Nord serves 1.8 million individual clients¹, 213,000 professional clients and non-profit associations and 47,000 corporate and institutional clients. In 2021, its average outstanding deposits totalled EUR 57 billion, compared with EUR 52 billion in 2020, while average loan outstandings stood at EUR 52 billion, compared with EUR 50 billion in 2020.

Boursorama

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

Boursorama currently serves over 3.3 million clients – a figure it has quadrupled in the last five years. This rapid growth has been matched by an increase in the bank's outstandings (in excess of EUR 48 billion at end-December 2021), demonstrating the appeal of its fully online model based on client autonomy and a comprehensive range of banking products and services with automated processes.

In 2021, Boursorama extended its range, particularly as regards investment solutions (such as its MATLA retirement savings plan: a 100% SRI solution and the least expensive on the market) and life insurance and brokerage products (its new PrimeTime offer gives clients access to Accelerated Book Building (ABB) transactions through the PrimaryBid platform). It also launched a warranty extension insurance and made changes to its Freedom package for 12-17 year olds.

As in 2020, Boursorama was acclaimed the least expensive bank for the 14th consecutive year at the Customer Relationship Podium Awards in 2021, taking 6th position all sectors included. It continues to boast an excellent recommendation rate of 86%, coupled with a Net Promoter Score of +40. Buoyed by these results, it is confident of achieving its targets of more than 4 million clients by 2023 and profitability of over 25% by 2025.

Launched over 20 years ago, its online portal, www.boursorama.com, is consistently ranked the No. 1 website for financial and economic news and receives 47 million visits a month (Source ACPM – December 2021).

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES (IBFS)

International Retail Banking and Financial Services (IBFS) combines:

- International Retail Banking activities, divided into three Business Units: Europe, Russia and AFMO (Africa, Mediterranean Basin and Overseas France);

¹ Number of active clients.

- three specialised businesses: Insurance, Operational Vehicle Leasing and Fleet Management, and Vendor and Equipment Finance.

Leveraging this pillar, the Group's ambition is to better serve all its individual and corporate customers by adapting to changes in the economic and social environments, in addition to supporting the international growth of the Group's customers by drawing on the strength of its network in fast-growing regions. IBFS bases its strategy on the relationship-focused universal banking model, the enhancement of its customer base through an extended range of products, and the distribution and pooling of expertise aimed at improving revenues while continually seeking to optimise the allocation of scarce resources and manage risks. With around 57,000 employees² and commercial operations in 66 countries, IBFS is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates). Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

International Retail Banking

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

EUROPE

The Group operates in Western Europe exclusively through its consumer finance and car finance businesses (CGI in France, BDK and Hanseatic Bank in Germany, and Fidelity in Italy). Outstanding loans rose by 5% to EUR 23.7 billion in 2021, mainly on back of strong growth in car finance markets.

Komerční banka (KB) is the Czech Republic's third-ranked bank in terms of balance sheet size, with outstanding loans of EUR 29.3 billion, 242 branches and 7,376 full-time employees (FTE) in December 2021. KB, which was founded in 1990 and became a subsidiary of Societe Generale in 2001, has developed its universal banking activities for individual customers and expanded its traditionally significant presence among corporate customers and municipalities. The KB Group also offers a suite of products intended for individual customers with ESSOX (consumer loans and car financing), Modra Pyramida (mortgage facilities), as well as a range developed in collaboration with Private Banking.

In 2021, Komerční banka was acclaimed Top Corporate Bank of the Year and Sustainable Bank of the Year. Industry magazine The Banker awarded it Best Private Banking in the CEE and Best Bank in the Czech Republic. The bank also received the Best Treasury and Cash Management Bank prize from Global Finance.

In Romania, BRD is the No. 3 bank in terms of balance sheet size, with market share of approximately 11% in loans and deposits at end-November 2021. Societe Generale Group became BRD's main shareholder in 1999. The BRD Group's activity is divided into three major business lines: Retail Banking (individual and professional customers, SMEs), Corporate and Investment Banking, and Consumer Finance with BRD Finance. Outstanding loans and deposits totalled respectively EUR 6.9 billion and EUR 10.6 billion.

In 2021, BRD took the Best Treasury and Cash Management Bank prize from Global Finance.

RUSSIA

The following is an extract from a press release published by Societe Generale on 18 May 2022:

Societe Generale announces the closing of the sale of Rosbank and the Group's Russian insurance subsidiaries⁽¹⁾ to Interros Capital.

² Headcount at end of period, excluding temporary staff.

The impact of the sale, which reflects the evolution of foreign exchange rates since the announcement of the disposal on April 11, 2022, will be accounted for in Q2 22 and includes:

- A residual impact of around -7 basis points on the capital ratio. On March 31, 2022, the Group's CET 1 ratio was 12.9%, i.e. around 370 basis points above the regulatory requirement;
- A net loss on the Group's income statement of around 3.2 billion euros⁽²⁾.

The Group thus exits Russia⁽³⁾ in an effective and orderly manner, ensuring continuity for its employees and clients.

(1) The actual transfer of shares of insurance subsidiaries will occur in the coming days.

(2) Based on non-audited financial data as of April 30, 2022 and a EUR/RUB exchange rate of 68.8 to be compared to a reference rate of 85 as of 31.12.2021 and of 92 for the press release published on April 11, 2022. This loss, before tax effect, will be accounted for mainly as "net income/expense on other assets".

(3) ALD Automotive OOO, which operates in Russia and through its branches in Kazakhstan, and ALD Belarus LLC no longer concludes any new commercial transactions.

AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE

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

In the **Mediterranean Basin**, the Group has been present in Morocco since 1913, in Algeria since 1999, and in Tunisia since 2002. In all, this business unit covers 653 branches and has more than 2 million customers. At 31 December 2021, outstanding deposits totaled EUR 11.0 billion and outstanding loans stood at EUR 11.5 billion.

In **sub-Saharan Africa**, the Group has an historic presence in 14 countries, with solid local positions, particularly in Côte d'Ivoire (No. 1 for loans and deposits), and in Senegal and Cameroon (both No. 2 for loans and deposits). In 2021, the region showed outstanding loans of EUR 7.2 billion and deposits of EUR 10.2 billion. Societe Generale is Western Africa's leading international bank.

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

In 2021, Societe Generale received Best Investment Bank in Africa from The Banker, and also took out the Outstanding Leadership in Sustainable Finance in Africa prize awarded by Global Finance. Industry magazine EMEA Finance acclaimed Societe Generale Cameroun (for the seventh consecutive year) and Societe Generale Côte d'Ivoire Best Bank and Best Investment Bank in their respective countries. EMEA Finance also bestowed on Societe Generale Maroc (Morocco) the Best Foreign Bank and Best Investment Bank prizes. It also conferred the Best Foreign Bank award on Societe Generale Maroc. Rounding off the awards tally, Tunisia, Guinea, Madagascar and Congo all received the Best Bank award in their respective countries.

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

Insurance and Financial Services

INSURANCE (SOCIETE GENERALE ASSURANCES)

Societe Generale Assurances lies at the core of Societe Generale Group's development strategy, in synergy with all its retail banking, private banking and financial services businesses. Societe Generale Assurances also pursues the expansion of its distribution model through the development of external partnerships. Societe Generale Assurances offers a full range of products and services to meet the needs of individual, professional and corporate clients in Life Insurance Savings, Retirement Savings and Personal Protection businesses. Thanks to the expertise of its 2,800 employees (FTE), Societe Generale Assurances combines financial strength with dynamic innovation and a sustainable development strategy to be a trusted partner for its clients. Gross premiums written rose by 50% over the year, with the share of unit-linked (UL) funds totalling 43%. Outstandings in life insurance investment solutions reached EUR 135 billion, up by 7%, of which UL funds stand at 37%. Business is growing in the personal protection and property and casualty lines, with growth accelerating by 5% compared to 2020.

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

Societe Generale Assurances also continued diversifying its business model, which is a proven high-potential growth driver in both the life insurance and personal protection areas, in synergy with the Group's other businesses, such as ALD (strengthened partnerships in and outside France), Boursorama (launch of Matla, an individual, accessible, modular and fully digital retirement savings scheme, rounded off by a suite of 100% Socially Responsible Investment supports) and with external partners.

Societe Generale Assurances has vowed to make Corporate Social Responsibility (CSR) a key, differentiating factor in its strategy and is active in expanding its CSR commitments. It has divided its policy into three areas: Responsible Insurer, Responsible Investor and Responsible Employer. Numerous actions have been taken both in relation to the Group's investment policy - the end of financial collaboration with tobacco companies, ending investment in coal-fired power, signing the internationally-recognised Principles for Responsible Investment (PRI) and the Montreal Carbon Pledge, limiting non-conventional oil and gas funding and developing green investments - and in relation to the products on offer. On that score, the Group is developing its responsible UL offering, which is eight times larger than that of 2018, and has unveiled a new 100% responsible suite of investment solutions, while Sogelife in Luxembourg launched the first 100% SRI product. In addition, the Group has embedded the ESG dimension into all its activities making it the bedrock underpinning all its activities and processes ("ESG by design"). This pledge goes hand in hand with the objective to increase employees' involvement in these actions by acting as a force for good with sponsorships and increasing environment-related actions.

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD AUTOMOTIVE)

ALD Automotive offers mobility solutions centered on operational vehicle leasing and fleet management for businesses of all sizes in both local and international markets. It also serves individual customers. The business combines the financial benefits of operational leasing with a complete range of upscale services, including maintenance, tyre management, fuel consumption, insurance and vehicle replacement. The ALD Automotive Group employs more than 6,500 people (FTE).

ALD Automotive boasts the largest geographical coverage of any leasing company (43 countries) and manages more than 1,726 million vehicles. It has unique knowledge of emerging markets and has established partnerships with Wheels in North America, FleetPartners in Australia and New Zealand, Absa in South Africa, AutoCorp in Argentina, and Arrend Leasing in Central America. In 2021, the business ranked No. 1 in Europe for multi-brand operational vehicle leasing and fleet management, and No. 2 worldwide.

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

ALD has been listed on the Euronext Paris stock exchange since June 2017, with the floatation of 20.18% of its shares. Societe Generale is ALD's controlling shareholder and, as such, ALD continues to benefit from the Group's financing capacity.

On 6 January 2022, ALD announced the signing of an agreement under which ALD would acquire 100% of LeasePlan to create a leading global player in mobility solutions with a total combined fleet of around 3.5 million vehicles. The proposed transaction is expected to close by the end of 2022.

VENDOR AND EQUIPMENT FINANCE (SGEF)

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

An equipment finance leader in Europe, SGEF operates in over 35 countries, employs over 1,400 people (FTE), and manages a portfolio of EUR 24.2 billion³ in outstandings. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers an extensive array of products such as financial leasing, loans, rentals, purchase of receivables, as well as insurance and marketing services.

A regular recipient of leasing industry honours, Societe Generale Equipment Finance was singled out for the Best Leasing Company prize in Italy, the Top Employer SMI Sector award in Germany and was ranked No. 1 in the Annual Asset Finance Europe 50 rankings in 2021.

GLOBAL BANKING AND INVESTOR SOLUTIONS (GBIS)

Global Banking and Investor Solutions (GBIS) is tasked with providing Global Markets and Investor Services, Financing and Advisory, and Asset Management and Private Banking to a global customer base of businesses, financial institutions, investors, wealth managers and family offices, as well as private clients.

GBIS employs over 19,000 people located in 39 countries and fields operations⁴ in more than 60 countries. It boasts extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region.

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

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

A pioneer in sustainable and positive-impact finance and one of the global leaders in renewable energy financing, the Group furnishes advisory to its clients and offers concrete financing and investment solutions aimed at transitioning to a fairer and greener economy. It ranks among the leaders for the financing of renewable energies. The Group places social and environmental responsibility at the core of GBIS businesses and Societe Generale's expertise was once again recognised by The Banker and Global Finance in 2021 when it took home the Best Bank in Sustainability award. The

³ At 31/12/2021 including Franfinance, Sogelease and Starlease.

⁴ In-country operations through partnerships in the Societe Generale Group.

Group was rated AAA by MSCI, placing it in the Top 3% of banks worldwide.

Societe Generale Group unveiled in May 2021 the medium-term strategy for its Global Banking & Investor Solutions core business and underscored the key feature of these activities in its diversified banking model. Societe Generale's goal is to consolidate its position as a top-tier European corporate and investment bank. It is ideally positioned to tap the major trends for the coming years, such as sharp growth in infrastructure and energy transition financing.

The roadmap set three priorities on which the Group already delivered in 2021:

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

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

Global Markets and Investor Services

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

The teams – financial engineers, salespeople, traders and specialist advisors – use SG Markets, a unique integrated digital platform, to furnish tailored solutions designed to address each customer's needs and specific risks. On 15 April 2021, Societe Generale pioneered by issuing the first structured product as a Security Token directly registered on the Tezos public blockchain. This transaction completes a new step in Societe Generale's growth – Forge – a regulated subsidiary of Societe Generale Group, which aims to offer crypto asset structuring, issuance, exchange and custody services to the Group's professional clients from 2022. Innovation is key to GBIS' strategy and this operation illustrates the Group's willingness to use the most innovative technologies and to create disruptive business models to better serve its clients.

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

FIXED INCOME AND CURRENCIES

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

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

The teams assist corporate clients and financial institutions with their investments and risk management, providing advisory on the most appropriate opportunities depending on each client's protection and return of capital objectives.

Leveraging 15 years' experience in structured finance hedging, FIC teams are able to furnish customised solutions for each financing transaction, including risk hedging where required. Drawing on solid expertise underpinned by cutting-edge technology and algorithmic trading, clients also have access to a wide array of instruments, technologies and liquidities in fixed-income markets, credit markets via single broker platforms to execute spot trading and derivatives transactions.

EQUITIES

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

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

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

Clients voted the Equities arm the best issuer of listed products in Germany while Golden Bull awarded it Certificate House of the Year for 2021.

The Equities business also took out Best House, Equity 2021 at the SRP Europe Awards and was named 3Best Bank for New Financial Products by Global Finance.

SECURITIES SERVICES

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

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

With EUR 4,586 billion in assets under custody at end-December 2021 (versus EUR 4,315 billion at end-December 2020), SGSS ranks second among European custodians. It offers custodian services to more than 3,325 mutual funds and provides valuation services to more than 4,561 mutual funds, with EUR 697 billion in total assets under management in Europe.

Financing and Advisory

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

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

The GLBA platform operates on a worldwide scale with expert teams located in France and Europe, the CEEMEA region, the Americas and in Asia. The teams' knowledge of clients and local regulations are key to conducting domestic, international and cross-border activities due to the international dimension of their business. Leveraging this global expertise and sectoral knowledge, the Group received the IB of the Year for Sustainability award from industry publications The Banker and Global Finance. It was ranked No. 1 worldwide for project finance advisory by IJ Global for 2021 and No. 2 for acquisition finance in EMEA by Dealogic in 2021.

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

- the **Asset Finance Division**, which consists of five businesses: export finance, aircraft finance, shipping finance, real estate finance, and structured solutions and leasing. Offering a wide range of products, experienced professionals design tailor-made solutions for clients, financial companies and public institutions. The Group is a leader in syndicated real estate finance loans in EMEA, ranking No. 2 (source: Dealogic in 2021);
- the **Natural Resources and Infrastructures Division** is tasked with developing a global activity in the natural resources, energy and infrastructure sector by providing clients with financing solutions as well as advisory services. Clients of this division are producers, operators, refinery groups, traders, commodity service providers, commodity and distributor logistics companies, as well as public and private institutions. Societe Generale was named Energy & Commodity Finance House of the Year at the Energy Risk Awards 2021;
- the **Asset Backed Products Division**, which combines GLBA's primary markets expertise, blends sectoral skills, securitisation and structuring with know-how in secondary market trading, distribution channels and debt security refinancing, making it possible to capitalise on credit capacities and act as the single entry point for ABS-type products and structured loans, and assist the development of our issuer clients and investors. The Group ranked No. 2 for securitisation in euro (source: Dealogic 2021) and was acclaimed IB of the Year for Securitisation by The Banker.

The **Investment Banking** teams offer customers, businesses, financial institutions and the public sector an integrated, comprehensive and tailored approach, leveraging its in-depth sectoral knowledge and recognised execution capacity. The offer relies on an extensive strategic advisory services, covering mergers and acquisitions and IPO structurings, as well as secondary share offerings. Societe Generale holds a leading position in the equity capital markets and on euro-denominated issues for corporate and financial institutions. Societe Generale's Investment Bank notched up several awards in 2021, particularly for its lending franchise (The Banker and Global Finance) and for its equity capital markets franchise, winning ECM Bank of the Year for Green Equity Deals (Global Capital) and TMT Financing Bank of the Year – EMEA (TMT M&A Awards 2021). Rounding off the awards honours, the Acquisition Finance franchise ranks No. 1 in Europe (source: Dealogic 2021).

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

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

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

Global Transaction Banking teams are regular recipients of industry awards. The Group was acclaimed in 2021 for its Green Trade Finance – Outstanding Innovation in Trade Finance. It was named Best Bank for Cash Management in Western Europe and CEE 2021, and Best Trade Finance Provider by Global Finance. It was also singled out for The Banker’s Best Transaction Bank of the Year award.

Asset and Wealth Management

This business unit encompasses asset management through Lyxor Asset Management and Private Banking, which operates under the Societe Generale Private Banking banner. Lyxor has in the process added a retail segment to its institutional offering and furnishes a differentiating asset management service for Societe Generale clients.

On 31 December 2021, Amundi and Societe Generale announced the closing of Amundi’s acquisition of Lyxor from Societe Generale. The transaction with Amundi, the European asset management leader which Societe Generale helped create, will enable Lyxor teams to actively participate in building an undisputed European leader in passive asset management amid a consolidating market.

Under the plan, Societe Generale announced the project to create a Wealth & Investment Solutions Division, which will be housed in the Wealth Management division. The division would provide expertise on structuring investment and wealth management solutions for the Wealth Management arm and for the Group’s Retail Banking Networks, in addition to furnishing structured wealth management solutions to Global Markets clients.

For the purposes of governance and financial communications, SG Private Banking will report to French Retail Banking from 1 January 2022.

SOCIETE GENERALE PRIVATE BANKING

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

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

regional franchises and the know-how of Private Banking's expert teams.

Societe Generale Private Banking's offering is available from three main centres: SGPB France, SGPB Europe (Luxembourg, Monaco and Switzerland) and Kleinwort Hambros (London, Jersey, Guernsey and Gibraltar). At the end of 2021, Private Banking held EUR 130 billion in assets under management.

Societe Generale's Private Banking expertise is regularly singled out at industry awards. In 2021, the Bank was acclaimed Best Private Bank for Structured Products, Best Private Bank in Monaco, Best Private Bank in Luxembourg, Best Private Bank in the UK for Kleinwort Hambros at the Global Private Banking Innovation Awards, and was also named Best Private Bank affiliated to a Network in France at the Wealth and Performance Summit.

LYXOR ASSET MANAGEMENT

Lyxor Asset Management (Lyxor) was founded in 1998 and is a European asset management specialist with expertise in the full array of investment styles (active, passive and alternative). From ETFs to multi-management, Lyxor creates innovative investment solutions to meet the challenges of sustainable investment and pays particular attention to the fight against climate change.

On 31 December 2021, Amundi and Societe Generale announced the closing of Amundi's acquisition of Lyxor from Societe Generale.

4. Board of Directors and Management

Board of Directors

The members of the Board of Directors of Société Générale as at 1 January 2022 are as follows:

Lorenzo BINI SMAGHI

(Date of birth: 29 November 1956)

Chairman of the Board of Directors

Independent Director

Frédéric OUDEÁ

(Date of birth: 3 July 1963)

Chief Executive Officer

William CONNELLY

(Date of birth: 3 February 1958)

Company Director

Independent Director

Chairman of the Risk Committee and Member of the Nomination and Corporate Governance Committee

Jérôme CONTAMINE

(Date of birth: 23 November 1957)

Company Director

Independent Director

Chairman of the Compensation Committee and Member of the Audit and Internal Control Committee

Diane CÔTÉ

(Date of birth: 28 December 1963)

Independent Director

Member of the Audit and Internal Control Committee and of the Risk Committee (since 1 November 2021)

Kyra HAZOU

(Date of birth: 13 December 1956)

Company Director

Independent Director

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

France HOUSSAYE

(Date of birth: 27 July 1967)

Director elected by the employees

Head of External Business Opportunities, Regional Commercial Department, Rouen (Normandy)

Member of the Compensation Committee

Annette MESSEMER

(Date of birth: 14 August 1964)

Independent Director

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

Gérard MESTRALLET

(Date of birth: 1 April 1949)

Independent Director

Chairman of the Nomination and Corporate Governance Committee and Member of the Compensation Committee

Juan Maria NIN GÉNOVA

(Date of birth: 10 March 1953)

Company Director

Independent Director

Member of the Risk Committee and of the Compensation Committee

Henri POUPART-LAFARGE

(Date of birth: 10 April 1969)

Chairman and Chief Executive Officer of Alstom

Independent Director

Member of the Nomination and Corporate Governance Committee

Johan PRAUD

(Date of birth: 9 November 1985)

Client Service Advisor, Client Services Centre

Lubomira ROCHET

(Date of birth: 8 May 1977)

Partner at JAB Holding Company

Independent Director

Member of the Nomination and Corporate Governance Committee

Alexandra SCHAAPVELD

(Date of birth: 5 September 1958)

Company Director

Independent Director
Chair of the Audit and Internal Control Committee and member of the Risk Committee

Sébastien WETTER

(Date of birth: 10 July 1971)

Banker managing Societe Generale's coverage with international financial institutions

Global Chief Operating Officer for the Financial Institutions coverage teams

Jean-Bernard LÉVY (Non-voting Director)

(Date of birth: 18 March 1955)

Chairman and Chief Executive Officer of EDF

Non-voting Director

Group Management Committee

The Group Management Committee of Société Générale as at 17 January 2022 is as follows:

General Management:

Frédéric OUDEÁ

Chief Executive Officer

Philippe AYMERICH

Deputy Chief Executive Officer

Diony LEBOT

Deputy Chief Executive Officer

Slawomir KRUPA⁽¹⁾

Deputy General Manager and Head of Global Banking and Investor Solutions. Chief Operating Officer

Gaëlle OLIVIER⁽¹⁾

Chief Operating Officer; Deputy General Manager in charge of Resources & Digital Transformation (RESG) and responsible for coordinating the IT, digital transformation and Innovation function

Sébastien PROTO⁽¹⁾

Deputy General Manager in charge of the Societe Generale, Crédit du Nord and Private Banking networks and their Innovation, Technologies & IT Department

Group Strategy Committee (excluding General Management):

David ABITBOL⁽²⁾

Global Head of Securities Services

Stéphane ABOUT⁽²⁾

Chief Executive Officer, Societe Generale Americas

Tim ALBERTSEN⁽²⁾

Chief Executive Officer of ALD Automotive

Pascal AUGÉ⁽²⁾

Head of the Inspection and Audit Division

Cécile BARTENIEFF⁽²⁾

Chief Executive Officer for Societe Generale Asia Pacific

Gilles BRIATTA⁽²⁾

Group General Secretary

Sylvain CARTIER⁽²⁾

Co-Head of Global Markets

Bruno DELAS⁽²⁾

Head of Innovation, Technologies & IT (ITIM)

Marie-Christine DUCHOLET⁽²⁾

Head of Societe Generale Retail Banking in France

Claire DUMAS⁽²⁾

Group Chief Financial Officer

Alexandre FLEURY⁽²⁾

Co-Head of Global Markets

Patrick FOLLÉA⁽²⁾

Head of Societe Generale Private Banking

Laurent GOUTARD⁽²⁾

Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas

Benoît GRISONI⁽²⁾

Chief Executive Officer of Boursorama

Caroline GUILLAUMIN⁽²⁾

Group Head of Human Resources and Group Head of Communication

Jochen JEHLICH⁽²⁾

Head of the Equipment Finance businesses and CEO of GEFA Bank

Jean-Louis KLEIN⁽²⁾

Group Chief Executive Officer of Crédit du Nord

Christophe LEBLANC⁽²⁾

Group Head of Corporate Resources and Digital Transformation

Alexandre MAYMAT⁽²⁾

Head of Global Transaction and Payment Services

Pierre PALMIERI⁽²⁾

Head of Global Banking and Advisory

Philippe PERRET⁽²⁾

Head of the Insurance businesses

Sadia RICKE⁽²⁾

Group Chief Risk Officer

Grégoire SIMON-BARBOUX⁽²⁾

Group Head of Compliance

Giovanni-Luca SOMA⁽²⁾

Head of International Retail Banking for Europe and Group Country Head for Russia

Members of the Group Management Committee (excluding the Group Strategy Committee):

Philippe AMESTOY

Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas

Thierry D'ARGENT

Deputy Head of Global Banking and Advisory

Hervé AUDREN de KERDREL

Deputy Group Head of Compliance

François BLOCH

Chief Executive Officer of BRD

Claire CALMEJANE

Group Chief Innovation Officer

Bertrand COZZAROLO

Head of Sales and Marketing of the French Network

Antoine CREUX

Chief Security Officer

Geoffroy DALLEMAGNE

Global Head of Permanent Control and Internal Control Coordination

Jean-François DESPOUX

Deputy Head of Risk

Delphine GARCIN-MEUNIER

Head of Group Strategy

Aurore GASPARD COLSON

Deputy Head of Societe Generale Retail Banking in France

Carlos GONCALVES

Head of Global Technology Services

Donato GONZALEZ-SANCHEZ

Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services and Group Country Head for Spain and Portugal

Éric GROVEN

Head of the Real Estate Division of Retail Banking activities in France

Alvaro HUETE

Deputy Head of Global Banking and Advisory

Arnaud JACQUEMIN

CEO of Societe Generale Luxembourg and Group Country Head for Luxembourg

Jan JUCHELKA

Chairman of the Board and CEO of Komerční banka and Group Country Head for the Czech Republic and Slovakia

Stéphane LANDON

Deputy Head of Risk

Véronique LOCTIN

Co-Head of Coverage France

Xavier LOFFICIAL

Deputy Chief Financial Officer of the Group

Michala MARCUSSEN

Group Chief Economist and Head of Economic and Sectorial Research

Anne MARION-BOUCHACOURT

Group Country Head for Switzerland and Chief Executive Officer of Societe Generale Zurich

Laetitia MAUREL

Group Deputy-Head of Communication

Yann DE NANTEUIL

Deputy Chief Executive Officer of Crédit du Nord

Ilya POLYAKOV

Chief Executive Officer of Rosbank

Hacina PY

Group Chief Sustainability Officer

John SAFFRETT

Deputy Chief Executive Officer of ALD Automotive

Odile de SAIVRE

Deputy Chief Executive Officer of Societe Generale Equipment Finance

Mathieu VEDRENNE

Head of Societe Generale Private Banking France

Georges WEGA

Deputy Head of International Retail Banking for Africa, the Mediterranean Basin & Overseas

Guido ZOELLER

Group Country Head for Germany and Austria and Head of Societe Generale Corporate & Investment Banking activities in Germany

⁽¹⁾ Deputy General Managers are not executive officers.

⁽²⁾ Manager of a Business Unit or a Service Unit.

5. Auditors

In accordance with French law, Société Générale is required to have two statutory auditors (*commissaires aux comptes*).

As at the date of this document, the statutory auditors are:

- Ernst & Young et Autres (represented by Micha Missakian) of Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France; and
- Deloitte & Associés (represented by Jean-Marc Mickeler) of 6, place de la Pyramide, 92908 Paris-La Défense Cedex, France.

6. General Meetings of Shareholders

The annual general meeting of shareholders is convened and held as provided by legal provisions in force.

Being a credit institution, Société Générale is obliged by virtue of Article 8 of French *décret* n° 84-708 of 24 July 1984 to submit its annual financial statements at the general meeting of shareholders before 31 May of each year, unless otherwise authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (French Prudential Supervisory Authority).

7. Share capital

At 1 February 2022, the registered and fully-paid capital of Société Générale are EUR 1,046,405,540 divided into 837,124,432 ordinary shares with a nominal value of EUR 1.25 each.

8. Risk Management Policies

Appendix 5 to this document contains a reproduction of the description of Société Générale's risk management policies.

9. Financial Information of Société Générale

Société Générale's consolidated financial statements as at and for the year ended 31 December 2021 prepared in accordance with IFRS as endorsed by the European Union as of 31 December 2021 are included in Appendix 5 and have been audited in accordance with French auditing professional standards by Ernst & Young et Autres and Deloitte & Associés as stated in their auditors' report dated 9 March 2022 included therein.

Any interim and/or quarterly unaudited reports will be reproduced in the relevant supplemental listing document(s) or in an addendum to this document. All these reports are available for inspection at the address specified in "General Information" on page 106 of this document.

Capitalisation of Société Générale

The following table sets out Société Générale's audited capitalisation as at 31 December 2021 and 31 December 2020, as adjusted to give effect to the issuance of additional debt by Société Générale since such dates.

	31 December 2020	31 December 2021
	(EUR millions)	(EUR millions)
Medium and long-term debt ⁽²⁾⁽³⁾		
– denominated in Euros	0	0
– denominated in other currencies ⁽⁴⁾	1,630	0
SUB TOTAL	1,630	0
Long-term subordinated debt		
– denominated in Euros	6,889	6,888
– denominated in other currencies ⁽⁴⁾	7,476	8,440
SUB TOTAL	14,365	15,328
TOTAL	15,995	15,328
Shareholders' equity and undated subordinated loans and capital notes		
– Undated subordinated capital notes ⁽⁵⁾	9,094	8,003
– Capital stock	1,067	1,067
– Reserves and unappropriated earnings	36,917	34,893
TOTAL	47,078	43,963
TOTAL CAPITALISATION	63,073	59,291

- (1) At 1 February 2022, Société Générale's fully paid-up capital amounted to EUR 1,046,405,540 and comprised 837,124,432 shares with a nominal value of EUR 1.25.
- (2) In accordance with French bank regulatory practice, the Bank debt is classified depending on its initial term to maturity as short-term (less than one year), medium-term (one to seven years) and long-term (more than seven years). Medium- and long-term debt of the bank, other than its long-term subordinated debt and undated subordinated capital notes, ranks equally with deposits.
- (3) Includes only debt in the form of debt securities (obligations). In addition to debt securities, Société Générale regularly sells to its customers term savings certificates (bons de caisse), most of which mature in five years, and certificates of deposit in varying maturities. These instruments have maturities similar to medium- and long-term unsubordinated debt and rank equally with such debt and deposits.
- (4) Principal amounts of debt denominated in foreign currencies have been translated to Euros at the indicative exchange rates for such currencies released by the Banque de France on 31 December 2020 (first column) and on 31 December 2021 (second column).

Rate of conversion: (Exchange rates against EUR)	31 December 2020	31 December 2021
Exchange Rate USD:	1.2271	1.1326
Exchange Rate JPY:	126.49	130.38
Exchange Rate GBP:	0.8990	0.8403
Exchange Rate AUD:	1.5896	1.5615

Exchange Rate CNH:	7.9792	7.1992
Exchange Rate SGD:	1.6218	1.5279

(5) Since 1 January 2022, Société Générale has, among others, issued USD 750,000,000 Tier 2 Capital Subordinated Notes on 19 January 2022.

Except as set forth in this section, there has been no material change in the capitalisation of Société Générale group since 1 January 2022.

Further Information

As a company whose shares are quoted on the Paris Stock Exchange, Société Générale is required to make periodic and/or continuous disclosure obligations under the relevant listing rules of the Paris Stock Exchange.

Financial information and/or any major developments of Société Générale including filings requested by the Paris Stock Exchange may be viewed from investors.societegenerale.com/en.

APPENDIX 4

ANNUAL FINANCIAL STATEMENTS OF THE ISSUER

FOR THE YEAR ENDED 31 DECEMBER 2021

AND ITS AUDITOR'S REPORT

SG Issuer
Société Anonyme

Financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé

As at and for the year ended 31 December 2021

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

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Executive Board Members

As at 31 December 2021

EXECUTIVE BOARD MEMBERS

Chairman:

Mr Yves CACCLIN

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

Members:

Mr Thierry BODSON

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

Mr Alexandre GALLICHE

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

Mr Pascal JACOB

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

Mrs Estelle STEPHAN JASPARD

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

Mr Laurent WEIL

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

Mr Christian ROUSSON

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

Supervisory Board Members

As at 31 December 2021

SUPERVISORY BOARD MEMBERS

Chairman:

Mr Pierre LESCOURRET

Employee of Société Générale
Basalte, 4 boulevard Franck Kupcka, F-92800 Puteaux, France

Members:

Mr Olivier BLANC

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

Mr Angelo BONETTI (since 08 January 2021)

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

Mr Gregory CLAUDY

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

Mr Olivier FREITAS

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

Mr Vincent ROBILLARD (until 08 January 2021)

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

Audit Committee Members

As at 31 December 2021

AUDIT COMMITTEE MEMBERS

Chairman:

Mr Gregory CLAUDY

Independent Director

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

Members:

Mr Olivier FREITAS

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

Mr Olivier BLANC

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

Management and Administration

As at 31 December 2021

MANAGEMENT AND ADMINISTRATION

Issuer

SG Issuer
16, Bd Royal, L-2449 Luxembourg, Luxembourg

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

Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer

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

Security Trustee and Security Agent Trustee

The Bank of New York Mellon Corporate Trustee Services Limited
One Canada Square, London E14 5AL, United Kingdom

Collateral Custodian

The Bank of New York Mellon S.A., Luxembourg Branch
Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

Collateral Monitoring Agent

The Bank of New York Mellon London Branch
One Canada Square, London E14 5AL, United Kingdom

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

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

Paying Agents

Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent

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

Legal advisers and Réviseur d'entreprises agréé

As at 31 December 2021

LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ

Legal advisers

To the Arranger as to English, French and U.S. laws

Allen & Overy LLP

52, avenue Hoche, CS 90005, 75379 Paris Cedex 08, France

To the Trustee as to English Law

Allen & Overy LLP

1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law

Allen & Overy Luxembourg

5, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)

Ernst & Young S.A.

35E, Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Report of the Executive Board and Corporate Governance Statement

As at 31 December 2021

REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT

The Directors of SG Issuer (the “Company” or “SGIS”) (each a « Director », collectively the « Executive Board ») present the financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the year ended 31 December 2021.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, Shares, Index, Interest Rate, Dividend, Credit Risk, Foreign Exchange, Commodities, Funds, Warrants, allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings.

Notes are mainly Debt Securities, Bonds, Certificates. Issuing Proceeds raised by the sale of the Notes are transferred to Société Générale Paris S.A. (“Société Générale”) through a Fully Funded Swap (“FFS”), which perfectly hedges SGIS for the full issue size.

Warrants are financial products like Turbos, inline Warrants, daily Leverage Certificates, etc., which aim to replicate the same financial exposure as buying (Call) or selling (Put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Warrants are distributed by Société Générale mainly to clients in France, Belgium, Luxembourg, United-Kingdom, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore. Issuing proceeds raised by the sale of the Warrants are transferred to Société Générale through an option.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue Collateralised Notes or Warrants (“Secured Notes” or “Secured Warrants”) in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the programs prepared by Société Générale.

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 4 June 2021 and (ii) the “Programme d’Emission de Titres de Créance”, the Base Prospectus of which has been updated and approved by the CSSF on 14 June 2021. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 28 June 2021.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 21 June 2021 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 9 July 2021.

The newly created UK Securities Issuance Program and Swiss Securities Issuance Program were respectively approved by the CSSF on 4 June 2021 and 2 July 2021.

The state of business of the Company at the closing of the financial year is adequately presented in the financial statements published hereby.

The decrease in total assets and liabilities (before impact of the offsetting) (see Note 4) is due to the evolution of the activity of issuing financial instruments and significant changes in the fair value of the notes.

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

As at 31 December 2021

During the year ended 31 December 2021, 11 500 new Notes were issued (among which 87 secured Notes) and 1 750 Warrants were issued¹.

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a FFS with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 14 hereafter.

3. COVID-19 CRISIS

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

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

4. FUTURE DEVELOPMENTS AND PERSPECTIVES

In the context of the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from CommerzBank, Société Générale has decided that new warrants for this activity would mostly be done by another issuer of the Group starting from 1 April 2020. As this activity represented most of the Warrants issued by SGIS so far, the drop in new Warrants issuances continued in 2021. As expected by the Executive Board, the overall commission income of the Company decreased accordingly compared to 2020. The Company will however pursue its warrants issuance activity on the Asian markets until the Program updates in 2023, when the shift will be made to another issuer.

5. INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their

¹ The number of issued Notes and Warrants does not take into account the issuances which have been issued and cancelled during the same financial period.

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

As at 31 December 2021

investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

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

6. SUBSEQUENT EVENTS

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities. The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Executive Board has performed an analysis towards the Company's potential exposure to the above. The Executive Board regards these events as non-adjusting events after the reporting period. At the date of this report, the Company including its going concern is not significantly impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will be continued to be monitored.

7. CORPORATE GOVERNANCE STATEMENT

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

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

7.1 Executive Board

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

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

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

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

As at 31 December 2021

Key tasks of the Executive Board:

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

7.2 Supervisory Board

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

7.3 Audit Committee

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

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

7.4 Internal Audit

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

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

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

7.5 Controls framework

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

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

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

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

As at 31 December 2021

7.6 New Products Committee

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

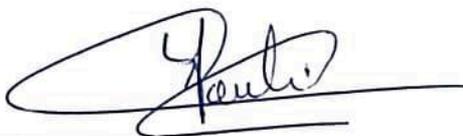
7.7 Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group.

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

Luxembourg, 27 April 2022

For the Executive Board



Yves CACCLIN
Chairman of the Executive Board



Thierry BODSON
Member of the Executive Board

Global Statement for the Financial Statements

As at 31 December 2021

GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS

To the best of our knowledge, the financial statements gives a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Report of the Executive Board (management report) includes a fair presentation of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.

Luxembourg, 27 April 2022

Executive Board Member
For the Executive Board



Yves CACCLIN
Chairman of the Executive Board



Thierry BODSON
Member of the Executive Board

Independent auditor's report

To the sole Shareholder of
SG Issuer
16, boulevard Royal
L-2449 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SG Issuer S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Hedging of financial instruments issued

Description

The activity of the Company consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are fully hedged with mirror transactions concluded with Société Générale S.A. replicating the financial instruments issued by the Company (see Note 4).

We have considered the hedging of financial instruments issued to be a key audit matter considering the financial risk which would result from inadequate hedging of the financial instruments issued by the Company.

How the matter was addressed in our audit

We tested the key controls implemented by the Company in relation with the issuance of financial instruments and the conclusion of mirror transactions with Société Générale S.A., as well as the key controls on the stock of financial instruments to ensure the effectiveness of the hedging.

We verified the intercompany reconciliation process between the Company and Société Générale S.A., and the intercompany reconciliations performed as at 31 December 2021.

For a sample of financial instruments issued by the Company as at 31 December 2021, we verified that the Company has contracted the mirror financial instruments with Société Générale S.A..

Also, we inquired about the existence of operational errors during the year and, if applicable, the related financial impact.

Other information

The Executive Board is responsible for the other information. The other information comprises the information included in the report of the Executive Board and Corporate Governance Statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this fact. We have nothing to report in this regard.

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Executive Board 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, the Executive Board 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 the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF 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 part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of Executive Board 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d'entreprises agréé” to the related disclosures in the 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 report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 30 April 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

The report of the Executive Board is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the report of the Executive Board, is the responsibility of the Executive Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

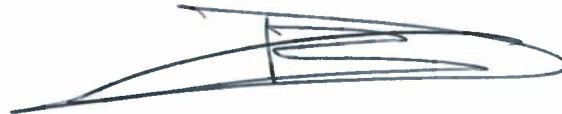
We have checked the compliance of the financial statements of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2021, identified as “SG Issuer S.A. financial statements 12312021 ESEF”, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Dorian Rigaud

Luxembourg, 28 April 2022

Statement of Financial Position

As at 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
Cash and cash equivalents	3	36 384	44 293
Financial assets at fair value through profit or loss			
- <i>Mandatorily measured at fair value through profit or loss</i>	4.1	40 322 401	43 135 651
- <i>Trading derivatives</i>	4.1	714 838	674 352
Loans and receivables	5	50 021	49 902
Other assets	6	497 267	835 571
Total assets		41 620 911	44 739 769
Financial liabilities at amortised cost	4.3	76 412	65 342
Financial liabilities at fair value through profit or loss			
- <i>Designated at fair value through profit or loss</i>	4.2	40 323 850	43 146 652
- <i>Trading derivatives</i>	4.2, 13	714 854	676 965
Other liabilities	6	503 809	848 336
Tax liabilities	7	-	75
Total liabilities		41 618 925	44 737 370
Share capital	8.1	2 000	2 000
Share premium		-	-
Legal reserve	8.2	200	200
Other reserves	8.2	1	0
Profit for the financial year		(215)	199
Total equity		1 986	2 399
Total liabilities and equity		41 620 911	44 739 769

The accompanying Notes are an integral part of these financial statements.

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
Interest income	9	762	917
Commission income	10	45 174	48 748
Total revenues		45 936	49 665
Interest expenses	9	(29 567)	(18 409)
Net loss from financial instruments at fair value through profit or loss		(241)	(139)
Personnel expenses	11	(352)	(273)
Other operating expenses	12	(15 995)	(30 569)
Cost of risk	5	4	(1)
Total expenses		(46 151)	(49 391)
Profit before tax		(215)	274
Income tax	7	-	(75)
Profit for the financial year		(215)	199
Total comprehensive income for the financial year		(215)	199

The accompanying Notes are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)
	Share capital	Share premium	Legal reserve	Other unavailable reserves	Other available reserves	Total reserves	Profit for the financial year	Total equity
As at 31 December 2019	2 000	-	200	-	-	200	148	2 348
Transfer to available reserves	-	-	-	-	-	-	-	-
Allocation of the result of the previous year before dividend distribution	-	-	-	-	148	148	(148)	-
Dividend to the sole shareholder	-	-	-	-	(148)	(148)	-	(148)
Capital increase/Allocation to the share premium account (Note 8.1)	-	34 981	-	-	-	-	-	34 981
Reimbursement of the share premium (Note 8.1)	-	(34 981)	-	-	-	-	-	(34 981)
Profit for the financial year 2020	-	-	-	-	-	-	199	199
As at 31 December 2020	2 000	-	200	-	-	200	199	2 399
Transfer to available reserves	-	-	-	-	199	199	(199)	-
Allocation of the result of the previous year before dividend distribution	-	-	-	-	-	-	-	-
Dividend to the sole shareholder	-	-	-	-	(199)	(199)	-	(199)
Capital increase/Allocation to the share premium account (Note 8.1)	-	16 926	-	-	-	-	-	16 926
Reimbursement of the share premium (Note 8.1)	-	(16 926)	-	-	-	-	-	(16 926)
Profit for the financial year 2021	-	-	-	-	-	-	(215)	(215)
As at 31 December 2021	2 000	-	200	-	-	1*	(215)	1 986

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

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
OPERATING ACTIVITIES			
Profit for the financial year		(215)	199
Net(increase)/decrease in financial assets	4.1	7 111 721	(3 866 206)
Net increase/(decrease) in financial liabilities	4.2	(7 062 711)	3 899 072
(Increase)/decrease in other assets	6	338 304	(404 583)
Increase/(decrease) in tax liabilities and other liabilities	6, 7	(344 676)	384 750
Taxes paid	7	75	75
<i>Non cash adjustments :</i>			
Net change in fair value and foreign exchange difference	4.1, 4.2	(33 278)	139
Change in cost of risk	5	(4)	1
NET CASH FLOWS FROM OPERATING ACTIVITIES		9 216	13 446
FINANCING ACTIVITIES			
Payment of capital surplus *	8.1	(16 926)	(34 981)
Dividend paid		(199)	(148)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(17 125)	(35 129)
Cash and cash equivalents as at January 1 st	3	44 293	65 975
Net increase/(decrease) in cash and cash equivalents		(7 909)	(21 682)
Cash and cash equivalents as at December 31st		36 384	44 293
Additional information on operational cash flows from interest and dividends			
Interest paid		17 657	35 775
Interest received	9	767	917
Dividend received		-	-

* KEUR 16 926 for the year ended 31 December 2021 (and KEUR 34 981 for the year ended 31 December 2020) represent the share premium reimbursed by the Company to the shareholder (refer to Note 8.1).

Notes to the financial statements

As at 31 December 2021

NOTE 1 – CORPORATE INFORMATION

SG Issuer (hereafter the "Company" or "SGIS") is a Luxembourg company incorporated on 16 November 2006 as a public limited company ("Société Anonyme") for an unlimited period.

Since April 2013, the Company's corporate objects are to issue debt securities, bonds, certificates, warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.

The Company's capital is divided into 50 008 shares, of which 49 908 are held by SG Luxembourg and 100 are held by Société Générale.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter "Société Générale" or the "parent Company"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

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

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

2.1.2 Functional and presentation currency

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

Notes to the financial statements

As at 31 December 2021

2.1.3 Use of estimates and judgments

The preparation of the Company's financial statements requires Executive Board to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the financial statements.

In order to make these assumptions and estimates, the Executive Board uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, Executive Board has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial Executive Board judgment and/or estimates are listed below with respect to judgments/estimates involved.

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

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss (see Notes 4.1 and 4.2);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortized cost (see Note 4.3);
- The analysis of the contractual cash flow characteristics of financial assets (see Note 2.3.3.1).

2.1.4 Segment reporting

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The company has only one geographical area related to its revenue, which is France.

2.2 New accounting standards

2.2.1 New accounting standards applicable as at 1 January 2021

2.2.1.1 Amendments to IFRS 7, IAS 39 and IFRS 9 in the context of the Interest Rate Benchmark Reform ("IBOR reform")

Issued by the IASB on 27 August 2020 and adopted by the European Union on 14 January 2021

In the context of the interest rate reform – or IBOR reform – currently being implemented, the accounting standards applicable have been amended by the IASB. The objective of the first amendments, implemented by Société Générale Group since 31 December 2019, is to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specificities regarding the transition from current interest rate benchmarks to new ones; and to do so despite any possible changes to financial instruments indexed on the current interest rate benchmarks. These amendments will remain applicable until the uncertainties have been resolved. These amendments have no impact on the Company's financial statements considering it doesn't use hedge accounting.

Notes to the financial statements

As at 31 December 2021

The second phase of these amendments introduced by the IASB regards the treatment of the changes in financial instruments contracts in the framework of the IBOR reform. They have been adopted by the European Union on 14 January 2021, they were early-applied by Société Générale Group in its financial statements as at 31 December 2020 and by extension at the level of the Company.

The Company has assessed that these amendments do not have an impact on its financial statements.

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

Amendments to IFRS 17 and IFRS 4 published by the IASB on 25 June 2020 and Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020

These amendments allow financial conglomerates as defined by Directive 2002/87/EC to defer, until 1 January 2023, the application of IFRS 9 by their legal entities operating in the insurance sector.

The Company has assessed no effect from this standard as it has no insurance contracts.

2.2.1.3 Amendments to IFRS 16 “Leases” – COVID-19 related rent concessions beyond 30 June 2021

Issued by the IASB on 31 March 2021

The IASB extend by one year the period of application of the amendments related to IFRS 16 “Lease contract” related to the Covid-19 crisis and published on 28 May 2020. The amendments are to allow, as an option, tenants benefiting from rent relief in the context of the Covid-19 pandemic, not to analyze whether the concessions granted to them should be accounted for as modifications to rental contracts. This would imply spreading out the effects of the advantage granted over the term of the contract in profit or loss, they can recognize these reductions as negative variable rents (generating an immediate gain in profit or loss).

Thus, this simplification measure can be applied to rent relief relating to payments due until 30 June 2022.

In 2021, as in 2020, the Company did not benefit from any rent reduction following the Covid-19 crisis.

2.2.1.4 Decision of the IFRS Interpretations Committee (“IFRS IC”) of 20 April 2021 on IAS 19

At its 20 April 2021 meeting, the IFRS IC specified the method for determining the vesting schedule for a defined benefit plan with the following characteristics: staff members are entitled to a lump-sum benefit payment when they reach a specified retirement age, provided they are employed by the entity when they reach that age, and the amount of the retirement benefit depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.

The IFRS IC specified that, pursuant to IAS 19, the vesting period will be the period of service immediately before the retirement age, possibly capped, and that the total number of years of service cannot be used when greater than the cap used to calculate the benefit. The consecutive decision not to place the issue on the IFRS IC agenda was validated by the IASB on 24 May 2021.

The Company has assessed no impact from this decision as it has no defined benefit plan.

Notes to the financial statements

As at 31 December 2021

2.2.1.5 Decision of the IFRS Interpretations Committee (“IFRS IC”) of 27 April 2021 on IAS 38

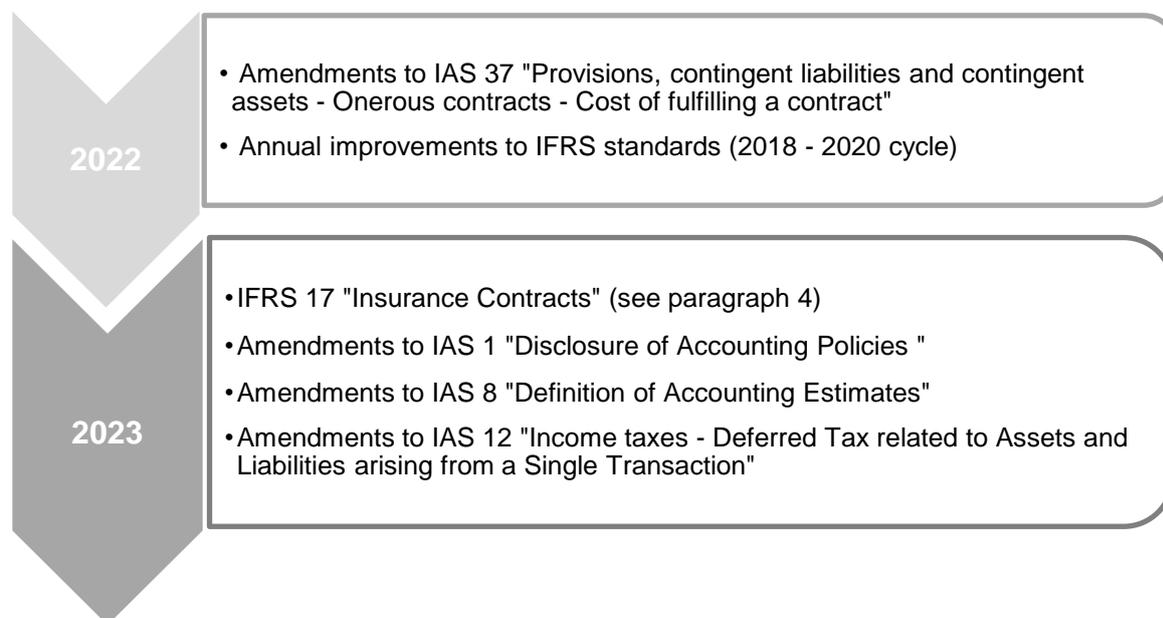
During its 27 April 2021 meeting, the IFR IC reiterated the accounting rules for a customer's costs of configuring or customizing the supplier's application in a ‘Software as a Service’ (SaaS) arrangement.

The Company has assessed no impact from this decision as it has no software asset.

2.2.2 Accounting standards, amendments or interpretations to be applied by the Company in the future

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2021. They are required to be applied from annual periods beginning on 1 January 2022 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Company as at 31 December 2021.

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



2.2.2.1 Amendments to IAS 37 “Provisions, contingent liabilities and contingent assets” – Onerous contracts – Contract execution costs

Published by the IASB in May 2020

These amendments specify the costs to be used in determining the costs of performing a contract when analyzing onerous contracts. These amendments will be effective on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

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

Notes to the financial statements

As at 31 December 2021

2.2.2.2 Annual IFRS Improvements (2018 – 2020 Cycle)

Published by IASB on 14 May 2020

As part of the annual procedure for improving IFRS, the IASB published minor changes to IFRS 9 “Financial instruments” and IFRS 16 “Leases”. The IASB also published minor changes to IFRS 1 “First time adoption of International Financial Reporting Standards” and IAS 41 “Agriculture”, which is not applicable to the Company.

The amendment on IFRS 9 “Financial instruments” clarifies which fees an entity includes when performing the “10 per cent” test to assess whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The Company will integrate this new guidances in its accounting policy. At this stage, the Company does not expect any significant impact from these amendments.

The amendment to IFRS 16 clarifies the treatment of lease incentives related to reimbursement of leasehold improvements by the lessor. The amendment only relates to an illustrative example and as such will not result in any impact for the Company.

2.2.2.3 IFRS 17 “Insurance Contracts”

Issued by the IASB on 18 May 2017, amended on 25 June 2020.

This new standard will replace IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

The Company expects no effect from this standard as it has no insurance contracts.

2.2.2.4 Amendments to IAS 1 “Classification of liabilities as current or non current”

Issued by the IASB on 23 January 2020

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

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

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

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

Notes to the financial statements

As at 31 December 2021

2.2.2.5 Amendments to IAS 1 “Information to be provided on accounting methods”

Issued by the IASB on 12 February 2021

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

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

2.2.2.6 Amendments to IAS 8 “Definition of an accounting estimate”

Issued by the IASB on 12 February 2021

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

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

2.2.2.7 Amendments to IAS 12 “Income tax – Deferred tax for assets and liabilities related to the same transaction”

Issued by the IASB on 7 May 2021

These amendments clarify and narrow the scope of the exemption of not recognize deferred tax during the initial recognition of an assets and a liability, offered by IAS 12. Therefore, lease contracts and decommissioning obligations for which companies record both assets and liabilities are excluded and consequently they will have to book deferred taxes.

The objective of these amendments is to reduce the heterogeneity in the recognition of deferred tax relating to leases and decommissioning obligations.

The Company does not expect any significant impact from the amendment as it did not recognize any tax impact upon IFRS 16 application.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency transactions

The Company maintains its books in EUR, which is the currency of the capital.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of profit and loss and other comprehensive income in the caption “*Net gains from financial instruments at fair value through profit or loss*” and “*Interest Expenses*”.

Revenues and expenses in foreign currencies are translated into EUR at the exchange rates prevailing at the date of the transactions.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	JPY	GBP	HKD	CHF
31.12.2021	1.1326	130.3800	0.8403	8.8333	1.0331
31.12.2020	1.2271	126.4900	0.8990	9.5142	1.0802

Notes to the financial statements

As at 31 December 2021

2.3.2 Cash and cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

Cash and cash equivalents in the Company are subject to impairment under IFRS 9 and are presented net of impairment (cf. Note 2.3.3.3).

2.3.3 Financial instruments

2.3.3.1 Classification of financial instruments

Classification of financial assets

Financial assets are classified under IFRS 9 based on the characteristics of their contractual cash flows and on how they are managed (business models).

For the debt instruments held, SGIS has defined its business model as “hold to collect” for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps (hereafter “FFS”) are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principles and Interest (or “SPPI”) test and consequently these financial assets are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”).

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Purchases and sales of financial assets recorded under Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders’ equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss:

These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.

The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or “FFS”) that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch;

Notes to the financial statements

As at 31 December 2021

- Financial liabilities at amortised cost:

These include the other non-derivative financial liabilities and are measured at amortized cost.

2.3.3.2 Valuation of financial instruments

Definition of fair value

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

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

Fair value hierarchy

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

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

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

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

A financial instrument is 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 trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

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

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

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

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

Notes to the financial statements

As at 31 December 2021

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

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

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

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically-tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

At the level of SG Group, valuation models are determined in order to fully embed the impact of IFRS 13 as described above and use appropriate parameters and methodologies in order to determine L3 instruments valuation. Counterparty credit risk estimates relies on Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) calculations.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure). The methodology for calculation of CVA-DVA (OCA not applicable to the Company) applied to SGIS (the same as the SG Group) is the yield discounting methodology.

The valuation methods used by the Company to establish the fair value of financial instruments are detailed below.

Notes to the financial statements

As at 31 December 2021

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

- For Unsecured Notes and Fully Funded Swaps

The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) is calculated by discounting the expected future cash flows with the risk free curve. To take the credit adjustment into account, the risk free curve is adjusted with Société Générale Group's credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams' input. This process is fully functional, constantly monitored as of today.

- For Secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York Mellon S.A., Luxembourg Branch, hereafter "BNY Mellon Luxembourg") and pledged in favor of the Note holders.

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the "Reference Bond") issued by a third-party issuer (the "Reference Bond Issuer").

The collateral assets are composed of eligible securities.

Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

For financial instruments recognised at fair value in the statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the statement of financial position date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

The base models may not fully capture all factors relevant to the valuation of SGIS on these financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, SGIS applies various techniques (from the Group) to estimate the credit risk associated with its financial instruments measured at fair value.

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

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

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

Notes to the financial statements

As at 31 December 2021

Deferred margin related to main unobservable inputs

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

2.3.3.3 Impairments and provisions

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

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

For loans and receivables measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss. On the statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No impairment is recognised on cash and cash equivalents. The Company does not have loan commitments or financial guarantees contracts.

Impairment and provisions for credit risk

To determine the amount of impairment or loss allowances to be recorded at each reporting date, these exposures are classified into one of three categories based on the increase in credit risk observed since initial recognition. An impairment or loss allowance shall be recognised for the exposures in each category as follows:

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation;
- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments of more than 30 days;
- Exposures classified in Stage 3 (doubtful outstandings): The Company determines whether or not there is objective evidence of impairment (default event).

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Company expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity.

Impairments / Reversal of impairments

Impairments / Reversal of impairments includes net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

2.3.3.4 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

Notes to the financial statements

As at 31 December 2021

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by SG.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in Note 4.1 and Note 4.2.

2.3.4 Other assets and other liabilities

Settlement accounts for trades are included in other assets or other liabilities and are presented separately in distinctive captions on assets or liabilities side (cf. Note 6).

2.3.5 Shareholders' equity

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

2.3.6 Interest income and expense

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Notes to the financial statements

As at 31 December 2021

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

2.3.7 Fee income and expense

Fee income and Fee expense combine fees on services rendered and received, as well as fees on pledge security granted that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest income and Interest expenses.

The Company recognizes fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- Fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;
- Fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities. For example : supplier contracts generate trade payables, accrued expenses or prepaid expenses.

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by 2 services when the Company performs its activities:

- The issuing fee recognized upfront for the initiation and the structuration of the issuance;
- Account and security servicing during the lifecycle of the security.

2.3.8 Other operating expenses

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses. Detail is provided in Note 12.

2.3.9 Income tax

Income tax includes current taxes and deferred taxes:

- Current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- Deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

2.3.9.1 Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Notes to the financial statements

As at 31 December 2021

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss.

2.3.9.2 Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments or from tax loss carried forward.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. The Company off-sets its deferred tax assets against liabilities as there is both legal right to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

2.3.10 Other commitments linked to secured notes

In relation to each Serie of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which will be governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each Pledge Agreement, the Company will grant first ranking security over the Collateral Assets contained in one or more accounts held by the Company with BNY Mellon Luxembourg (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian). The security granted under each Pledge Agreement will be granted either in favour of:

- In the case of English Law Notes, The Bank of New York Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or;
- In the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by The Bank of New York Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable will first be entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS 9, the borrowing of the securities to be pledged by the Company is not assimilated to the transfer of assets and thus does not result in recognition in the statement of financial position. The risks and rewards associated to the securities remain in Société Générale Group and as such are not presented in the Company's statement of financial position.

The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

Notes to the financial statements

As at 31 December 2021

2.5 Brexit

The United Kingdom organised on 23 June 2016 a referendum at which a majority of British people voted to leave the European Union (Brexit).

After having been postponed several times, the United Kingdom withdrawal agreement entered into force on 31 January 2020 with transition period which ended on 31 December 2020. The law of Europe-an union has also ceased to apply to the United Kingdom since 1 January 2021.

Despite the unfavourable health and political context, the negotiations conducted between the Unit Kingdom and the European Union resulted on 24 December 2020 in a Trade and cooperation agreement excluding financial services. To date, the European Commission has granted British clearing houses temporary equivalence status until 30 June 2022.

The impacts on the Company's operations have been analysed, and they mainly relate to transactions in GBP, as a result the Company had very limited impacts due to Brexit. The Company continues to follow the ongoing negotiations and has taken into account the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the financial statements.

2.6 Covid-19 crisis

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 36 384 as at 31 December 2021 (31 December 2020: KEUR 44 293) and are mainly composed of cash held with Société Générale Luxembourg and Société Générale.

As of 31 December 2021 and 2020, this caption only contained cash that was repayable on demand.

Notes to the financial statements

As at 31 December 2021

NOTE 4 – FINANCIAL INSTRUMENTS

4.1 Financial assets measured at fair value through profit or loss

	31.12.2021 (‘000 EUR)	31.12.2020 (‘000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	40 322 401	43 135 651
- Trading derivatives (Options)	714 838	674 352
Total	41 037 239	43 810 003

As at 31 December 2021, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 40 322 401 (31 December 2020: KEUR 43 135 651) and replicate all the Notes issued by the Company (see Note 4.2). Differences between the fair value of Fully Funded Swaps and Notes arise due to late settlements.

As at 31 December 2021, Trading derivatives (Options) amount to KEUR 714 838 (31 December 2020: KEUR 674 352) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between the fair value of Options and Warrants arise due to late settlements.

As at 31 December 2021, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 34 911 227 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 4 573 937 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

	(‘000 EUR) Mandatorily at fair value through profit or loss	(‘000 EUR) Trading derivatives	(‘000 EUR) Total
As at 1 January 2021	43 135 651	674 352	43 810 003
Acquisition	58 001 584	37 797 100	97 798 684
Maturity/Disposal/Liquidation/Cancellation	(61 564 451)	(43 346 069)	(104 910 520)
Change in fair value and foreign exchange difference	(7 379 336)	(1 161 153)	(8 540 489)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
As at 31 December 2021	40 322 401	714 838	41 037 239
	(‘000 EUR) Mandatorily at fair value through profit or loss	(‘000 EUR) Trading derivatives	(‘000 EUR) Total
As at 1 January 2020	52 893 265	5 786 274	58 679 539
Acquisition	24 577 807	43 734 538	68 312 345
Maturity/Disposal/Liquidation/Cancellation	(15 955 857)	(48 488 524)	(64 444 381)
Change in fair value and foreign exchange difference	(5 377 903)	2 274 582	(3 103 321)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	43 135 651	674 352	43 810 003

Notes to the financial statements

As at 31 December 2021

4.2 Financial liabilities measured at fair value through profit or loss

	31.12.2021	31.12.2020
	(‘000 EUR)	(‘000 EUR)
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	40 323 850	43 146 652
- Trading derivatives (Warrants)	714 854	676 965
Total	41 038 704	43 823 617

As at 31 December 2021, the Company has issued secured and unsecured Notes for a total amount of KEUR 40 323 850 (31 December 2020: KEUR 43 146 652):

- 21 230 unsecured Notes were issued (stock) for a total amount of KEUR 33 959 581 (31 December 2020: 25 095 unsecured Notes were issued (stock) for a total amount of KEUR 37 165 082);
- 592 secured Notes were issued (stock) for a total amount of KEUR 6 364 269 (31 December 2020: 613 secured Notes were issued (stock) for a total amount of KEUR 5 981 570).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 31 December 2021, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 4 836 039 (31 December 2020: KEUR 3 924 732).

As at 31 December 2021, the Company also issued Warrants for a total amount of KEUR 714 854 (31 December 2020: KEUR 676 965). Refer to Note 14 for further details on Off-balance sheet items related to the Warrants activity.

As at 31 December 2021, the impact of the offsetting (decrease in the balance sheet) is KEUR 34 911 227 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 4 573 937 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.1).

The movements in financial liabilities at fair value through profit or loss were as follows:

	(‘000 EUR)	(‘000 EUR)	(‘000 EUR)
	Designated at fair value through profit or loss	Trading derivatives	Total
As at 1 January 2021	43 146 652	676 965	43 823 617
Acquisition	58 009 740	38 802 115	97 811 855
Cancelled/Liquidation/Maturity Disposal	(61 547 326)	(43 355 236)	(104 902 562)
Change in fair value and foreign exchange difference	(7 414 169)	(1 159 598)	(8 573 767)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
As at 31 December 2021	40 323 850	714 854	41 038 704

Notes to the financial statements

As at 31 December 2021

	('000 EUR)	('000 EUR)	('000 EUR)
	Designated at fair value through profit or loss	Trading derivatives	Total
As at 1 January 2020	52 889 867	5 788 693	58 678 560
Acquisition	24 671 673	43 256 910	67 928 583
Cancelled/Liquidation/Maturity Disposal	(16 034 970)	(48 011 195)	(64 046 165)
Change in fair value and foreign exchange difference	(5 378 257)	2 275 075	(3 103 182)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	43 146 652	676 965	43 823 617

4.3 Financial liabilities measured at amortised cost

As at 31 December 2021 and 2020, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by Société Générale Luxembourg, with maturity in 2022. Conversion may occur each year.

On this convertible bond, the Company pays to Société Générale Luxembourg both variable interests calculated on Euribor 3M plus a margin of 2.05% (total rate of 1.478% as at 31 December 2021) and activity related interests. Activity related interests means an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 31 December 2021, the Company also has amounts due to banks related to the Company's overdrafts current accounts for KEUR 152 (31 December 2020: KEUR 406).

NOTE 5 – LOANS AND RECEIVABLES

As at 31 December 2021 and 2020, loans and receivables only consist in deposits with Société Générale Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 31 December 2020, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR (5). As at 31 December 2021, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 4, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES

As at 31 December 2021 and 2020, other assets and other liabilities are composed of settlement accounts, as presented below:

	('000 EUR)	('000 EUR)
	31.12.2021	31.12.2020
Settlement accounts on securities transactions	234 782	788 415
Miscellaneous receivables	262 485	47 156
Total other assets	497 267	835 571

Notes to the financial statements

As at 31 December 2021

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Settlement accounts on securities transactions	212 151	774 392
Deferred income	4 904	7 198
Miscellaneous payables	286 754	66 746
Total other liabilities	503 809	848 336

Miscellaneous payables and receivables mainly consist of premium payables on Warrants and receivables on financial instruments replicating the Warrants issued.

NOTE 7 – TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SG Luxembourg, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SG Luxembourg. Under the Agreement, the Company pays to SG Luxembourg, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

The rate of current tax applied as of 31 December 2021 is 24.94 % (31 December 2020: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the year ended 31 December 2021, tax expenses are nil (31 December 2020: KEUR 75).

NOTE 8 – SHAREHOLDERS' EQUITY**8.1 Share capital and share premium**

As at 31 December 2020, the subscribed and fully paid share capital, 100% held by SG Luxembourg, was EUR 2 000 280, divided into 50 007 shares with nominal value of EUR 40 each.

By resolution adopted on 15 January 2021, the Executive Board decided to increase the authorized capital of the Company from EUR 2 000 280 to EUR 2 000 320 by the issue of a new share with a nominal value of EUR 40, subscribed by the sole shareholder. In the context of the capital increase, the 2020 activity related interests amounting to EUR 16 925 951 have been allocated to the Share Premium. This Share premium has been paid to Société Générale Luxembourg and Société Générale in June 2021.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval of the Shareholders, if the Company's activity evolves, incurring specific additional risks.

Notes to the financial statements

As at 31 December 2021

8.2 Reserves**8.2.1 Legal reserve**

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 31 December 2021 and 2020, the legal reserve amounts to KEUR 200.

8.2.2 Other reserves

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

As at 31 December 2021 the amount of other reserves is 1 KEUR (31 December 2020 : nil).

NOTE 9 – INTEREST INCOME AND EXPENSES

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Interest income on cash and cash equivalents	1	21
Interest income on loans and receivables	761	896
Total interest income	762	917
Interest expenses on financial liabilities at amortised cost (note 4.3)	(28 975)	(17 720)
Interest expenses on financial liabilities at fair value	(592)	(691)
Total interest expenses	(29 567)	(18 409)
Net interest margin	(28 805)	(17 492)

NOTE 10 – COMMISSION INCOME

Commission income can be broken down as follows:

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Issuing upfront fees on Notes	34 814	37 407
Servicing fees on Notes	8 437	7 009
Commission on Warrants	1 923	4 332
Commission income	45 174	48 748

As at 31 December 2021, KEUR 4 904 are retained as deferred income under the caption "other liabilities" (2020 : KEUR 7 198) (cf. Note 6).

Notes to the financial statements

As at 31 December 2021

NOTE 11 – PERSONNEL EXPENSES

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Wages and salaries	(270)	(212)
Social charges and associated costs	(32)	(44)
Pension related costs	(50)	(17)
Total	(352)	(273)

The Company had 3 full-time equivalent during the year ended 31 December 2021 (2020: 3).

The annual cost of pension is calculated and invoiced by Société Générale Luxembourg, based on SG Luxembourg's group total cost of pensions and according to the number of the Company's full time equivalent employees.

NOTE 12 – OTHER OPERATING EXPENSES

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Issuance fees	(12 840)	(26 146)
Other operating charges	(3 155)	(4 423)
Total	(15 995)	(30 569)

Issues fees mainly consist of listing fees, collateral monitoring agent fees, maintenance of registers fees and trading fees.

Other operating charges are mainly composed of operating costs related to the Company (including audit fees) as well as activities outsourced to Société Générale S.A. and Société Générale Luxembourg.

Remuneration of the Réviseur d'entreprises agréé

The fees paid by the Company to its Réviseur d'entreprises agréé were as follows:

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Statutory audit of the financial statements	200	245
Other assurance services	40	40
Total	240	285

NOTE 13 – OFF-BALANCE SHEET

As at 31 December 2021, financial instruments to be issued (engagement taken before 31 December 2021 with value date after 31 December 2021) amount to KEUR 3 302 045 (31 December 2020: KEUR 2 498 866).

All the Warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

Notes to the financial statements

As at 31 December 2021

Warrants issuance summary

The Warrants issued as at 31 December 2021 and 2020 break down as follows:

Warrant Type	Category of Underlying	Type of Underlying	Option Type	31 December 2021			31 December 2020		
				Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)	Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)
Basket warrant	Basket	Index	Call	1	12 361	14 230	1	11 409	12 299
Commodity Future Warrant	Future	Mutual Fund	Put	-	-	-	10	37 801	142
		Commodity Future	Call	4	10 118	15	6	13 251	3
			Put	12	19 243	6 755	12	19 777	10 734
Commodity Warrant	Commodity	Bruts	Call	6	472 930	0	6	436 509	0
		Index	Call	-	-	-	1	500	309
		Mutual Fund	Call	11	19 085	2	17	25 860	0
			Put	15	27 211	0	58	96 407	111
		Precious metals	Call	-	-	-	4	9 333	0
			Put	10	24 817	0	10	22 906	0
Future Contract	Call	-	-	-	1	124 275	3 572		
Currency Warrant	Currency	Currency	Call	42	0	0	60	18 978	45
			Put	48	117 867	0	85	270 190	0
Equity Warrant	Equity	American Depositary Receipt	Call	3	27 636	51	4	21 681	330
		Mutual Fund	Put	-	-	-	1	417	2
			Call	4	119 231	25	2	77 778	3
		Ordinary Share	Call	1 247	20 296 419	147 944	1 534	21 602 883	209 139
			Put	411	4 902 718	27 245	814	6 622 179	(11 836)
		Own Share	Call	4	22 850	322	12	36 680	161
			Put	1	750	0	5	3 719	129
Preference	Call	-	-	-	6	12 621	137		
	Put	1	1 500	0	4	6 453	0		

Notes to the financial statements

As at 31 December 2021

Warrant Type	Category of Underlying	Type of Underlying	Option Type	31 December 2021			31 December 2020		
				Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)	Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)
Real Estate Investment Trust	REIT	REIT	Call	5	124 066	48	10	94 519	82
			Put	2	1 309	9	2	1 233	42
Index Warrant	Index	Index	Call	301	11 226 503	458 857	802	29 010 394	481 932
			Put	200	11 032 836	44 857	384	7 525 299	(59 540)
Fund Warrant	Fund	Mutual Fund	Call	121	492 810	11 653	175	1 115 036	26 814
			Put	-	-	-	-	-	-
		Fund	Call	1	10 000	2 841	1	10 000	2 355
Total Call				1 750	32 834 009	635 988	2 642	52 621 707	737 182
Total Put				700	16 128 251	78 866	1 385	14 606 381	(60 217)
Total Warrants				2 450	48 962 260	714 854	4 027	67 228 088	676 965

Notes to the financial statements

As at 31 December 2021

NOTE 14 – RISK MANAGEMENT

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

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (<https://www.societegenerale.com>).

14.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with FFS concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the Secured / Unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SG Luxembourg) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

14.2 Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with SG Luxembourg and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SG Luxembourg and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 31 December 2021 and 2020, no financial assets were past due nor impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 31 December 2021, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

Notes to the financial statements

As at 31 December 2021

14.3 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

14.4 Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any material liquidity risk thanks to the perfect replication between the contractual obligations of:

- The financial instruments issued by the Company; and
- The financial assets replicating the financial instruments issued by the Company.

Analysis per remaining contractual maturities

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

31.12.2021 - EUR' 000	< 3 months	From 3 months to 1 year	From 1 to 5 years	> 5 years	Without fixed maturity	Total
Cash and cash equivalents	36 384	-	-	-	-	36 834
Financial assets at fair value through profit or loss						
- <i>Mandatorily at fair value through profit or loss</i>	4 962 258	5 330 466	14 553 618	15 476 059	-	40 322 401
- <i>Trading derivatives</i>	446 656	137 616	129 885	681	-	714 838
Loans and receivables	48 021	200	800	1 000	-	50 021
Other assets	497 267	-	-	-	-	497 267
Total assets	5 990 586	5 468 282	14 684 303	15 477 740	-	41 620 911
Financial liabilities at amortised cost	48 152	28 260	-	-	-	76 412
Financial liabilities at fair value through profit or loss						
- <i>Designated at fair value through profit or loss</i>	4 960 778	5 330 013	14 557 368	15 475 691	-	40 323 850
- <i>Trading derivatives</i>	446 143	137 603	130 427	681	-	714 854
Other liabilities	503 809	-	-	-	-	503 809
Tax liabilities	-	-	-	-	-	-
Total liabilities	5 958 882	5 495 876	14 687 795	15 476 372	-	41 618 925

Notes to the financial statements

As at 31 December 2021

As at 31 December 2020 analysis per remaining contractual maturities is as follows:

31.12.2020 - EUR' 000	< 3 months	From 3 months to 1 year	From 1 to 5 years	> 5 years	Without fixed maturity	Total
Cash and cash equivalents	44 293	-	-	-	-	44 293
Financial assets at fair value through profit or loss						
- <i>Mandatorily at fair value through profit or loss</i>	3 402 805	8 286 764	16 244 254	15 201 828	-	43 135 651
- <i>Trading derivatives</i>	76 606	199 233	335 032	63 481	-	674 352
Loans and receivables		200	48 702	1 000		49 902
Other assets	835 571	-	-	-	-	835 571
Total assets	4 359 275	8 486 197	16 627 988	15 266 309	-	44 739 769
Financial liabilities at amortised cost	405	16 937	48 000	-	-	65 342
Financial liabilities at fair value through profit or loss						
- <i>Designated at fair value through profit or loss</i>	3 406 716	8 286 877	16 243 680	15 209 379	-	43 146 652
- <i>Trading derivatives</i>	86 103	198 394	329 063	63 405	-	676 965
Other liabilities	848 336	-	-	-	-	848 336
Tax liabilities	75	-	-	-	-	75
Total liabilities	4 341 635	8 502 208	16 620 743	15 272 784	-	44 737 370

14.5 Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale, in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related FFS are classified as Level 3 when the valuation of the associated embedded derivatives (underlying of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

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

Notes to the financial statements

As at 31 December 2021

Estimates of Level 3 instruments and other most significant unobservable inputs as at 31 December 2021 (by type of underlyings):

Type of underlyings	Assets In million EUR	Liabilities In million EUR	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs Min & Max
Equity / funds	17 164	17 162	Simple and complex derivatives on funds, equities or baskets on stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[3.0% ; 84.8%]
					Equity dividends	[0.0% ; 15.8%]
					Unobservable correlations	[-100% ; 100 %]
					Hedge funds volatilities	[7.1% ; 20.0%]
					Mutual funds volatilities	[1.7% ; 26.1%]
Rates and Forex	4 017	4 018	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-33.55% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[0.0% ; 45.5%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayment modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Inflation/ inflation correlations	[55.0% ; 88.90%]
Credit	3 547	3 547	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
			Other credit derivatives	Credit default models	Recovery rate variance for single name underlyings	[0% ; 100%]
					Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Unobservable credit spreads	[0 bps ; 1 000 bps]
Commodity	0	0	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	0
Total	24 728	24 727				

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

Notes to the financial statements

As at 31 December 2021

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

31.12.2021 – EUR' 000	Carrying amount	Fair value
Cash and cash equivalents	36 384	36 384
Financial assets at fair value through profit or loss		
- <i>Mandatorily at fair value through profit or loss</i>	40 322 401	40 322 401
- <i>Trading derivatives</i>	714 838	714 838
Loans and receivables *	50 021	50 141
Other assets	497 267	497 267
Total assets	41 620 911	41 621 031
Financial liabilities at amortised cost *	76 412	76 456
Financial liabilities at fair value through profit or loss		
- <i>Designated at fair value through profit or loss</i>	40 323 850	40 323 850
- <i>Trading derivatives</i>	714 854	714 854
Other liabilities	503 809	503 809
Tax liabilities	-	-
Total liabilities	41 618 925	41 618 969
31.12.2020 - EUR' 000	Carrying amount	Fair value
Cash and cash equivalents	44 293	44 293
Financial assets at fair value through profit or loss		
- <i>Mandatorily at fair value through profit or loss</i>	43 135 651	43 135 651
- <i>Trading derivatives</i>	674 352	674 352
Loans and receivables *	49 902	51 057
Other assets	835 571	835 571
Total assets	44 739 769	44 740 924
Financial liabilities at amortised cost *	65 342	66 995
Financial liabilities at fair value through profit or loss		
- <i>Designated at fair value through profit or loss</i>	43 146 652	43 146 652
- <i>Trading derivatives</i>	676 965	676 965
Other liabilities	848 336	848 336
Tax liabilities	75	75
Total liabilities	44 737 370	44 739 023

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris). Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

Notes to the financial statements

As at 31 December 2021

The fair value hierarchy of IFRS 13

As at 31 December 2021, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2021 - EUR' 000	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
- <i>Mandatorily at fair value through profit or loss</i>		16 020 681	24 301 720	40 322 401
<i>Commodities instruments</i>	-	26 454	217	26 671
<i>Credit derivatives/securities</i>	-	697 098	3 251 872	3 948 970
<i>Equity and index securities</i>	-	12 016 561	16 759 072	28 775 633
<i>Foreign exchange instruments/securities</i>	-	1 834 388	278 068	2 112 456
<i>Interest rate instruments/securities</i>	-	1 240 393	3 739 272	4 975 665
<i>Other financial instruments</i>	-	205 787	273 219	479 006
- <i>Trading derivatives</i>		288 790	426 048	714 838
<i>Equity and Index instruments</i>	-	273 342	404 530	677 872
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	15 448	21 518	36 966
<i>Financial liabilities at fair value through profit or loss</i>				
- <i>Designated at fair value through profit or loss</i>		16 021 886	24 301 964	40 323 850
<i>Commodities instruments</i>	-	26 454	217	26 671
<i>Credit derivatives/securities</i>	-	697 094	3 251 908	3 949 002
<i>Equity and index securities</i>	-	12 016 515	16 759 108	28 775 623
<i>Foreign exchange instruments/securities</i>	-	1 834 393	278 240	2 112 633
<i>Interest rate instruments/securities</i>	-	1 241 541	3 739 272	4 980 813
<i>Other financial instrument</i>	-	205 889	273 219	479 108
- <i>Trading derivatives</i>		290 305	424 549	714 854
<i>Equity and Index instruments</i>	-	274 869	403 031	677 900
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	15 436	21 518	36 954

Notes to the financial statements

As at 31 December 2021

As at 31 December 2020, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2020 - EUR' 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss		16 742 790	26 392 861	43 135 651
<i>Commodities instruments</i>	-	65 635	5 146	70 781
<i>Credit derivatives/securities</i>	-	757 733	3 868 234	4 625 967
<i>Equity and index securities</i>	-	13 294 655	17 941 949	31 236 604
<i>Foreign exchange instruments/securities</i>	-	769 582	1 507 575	2 277 157
<i>Interest rate instruments/securities</i>	-	1 540 967	2 557 228	4 098 195
<i>Other financial instruments</i>	-	314 218	512 729	826 947
- Trading derivatives		293 242	381 110	674 352
<i>Equity and Index instruments</i>	-	283 580	352 688	636 268
<i>Foreign exchange instruments / securities</i>	-	121	-	121
<i>Other financial instruments</i>	-	9 541	28 422	37 963
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss		16 756 021	26 390 631	43 146 652
<i>Commodities instruments</i>	-	65 635	5 146	70 781
<i>Credit derivatives/securities</i>	-	758 637	3 867 054	4 625 691
<i>Equity and index securities</i>	-	13 300 879	17 941 049	31 241 928
<i>Foreign exchange instruments/securities</i>	-	769 390	1 507 425	2 276 815
<i>Interest rate instruments/securities</i>	-	1 541 023	2 557 228	4 098 251
<i>Other financial instrument</i>	-	320 457	512 729	833 186
- Trading derivatives		283 392	393 573	676 965
<i>Equity and Index instruments</i>	-	275 506	357 534	633 040
<i>Foreign exchange instruments / securities</i>	-	45	-	45
<i>Other financial instruments</i>	-	7 841	36 039	43 880

Notes to the financial statements

As at 31 December 2021

The following table describes the variation in Level 3 by financial instruments (in KEUR):

Financial liabilities at fair value through profit or loss	Balance at 01.01.2021	Acquisitions (Issuance)	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	Balance 31.12.2021
<i>Designated at fair value through P&L</i>	26 390 631	22 113 738	(4 754 765)	(19 580 881)	(45 521)	(2 395 451)	2 574 213	24 301 964
Equity and index instrument	17 941 049	18 987 257	(3 780 648)	(15 578 985)	(306 452)	(1 657 050)	1 153 937	16 759 108
Commodity instruments	5 146	-	37	(7 144)	-	-	2 178	217
Credit derivatives	3 867 054	399 880	(319 179)	(1 191 397)	126 712	(147 073)	515 911	3 251 908
Foreign exchange instruments	1 507 425	67 123	(57 072)	(2 150 255)	105 807	(117 696)	922 908	278 240
Interest rate instruments	2 557 228	2 518 317	(546 831)	(326 766)	12 343	(468 141)	(6 878)	3 739 272
Others financial instruments	512 729	141 161	(51 072)	(326 334)	16 069	(5 491)	(13 843)	273 219
<i>Trading derivatives</i>	393 573	18 037	116 864	(108 627)	957	(11 088)	14 833	424 549
Equity and index instruments	357 534	7 155	123 383	(102 783)	1 027	(203)	16 918	403 031
Foreign exchange instruments	-	-	10 885	(10 885)	-	-	-	-
Other financial instruments	36 039	10 882	(17 404)	5 041	(70)	(10 885)	(2 085)	21 518

The above figures are valued on the liabilities side at fair value through profit or loss. Variations of Level 3 of financial instruments in assets are not presented because the figures are similar.

Notes to the financial statements

As at 31 December 2021

Transfers from Level 3 to Level 2

The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc...).

14.6 Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collect of internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

NOTE 15 – RELATED PARTIES

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2021 and 2020 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions. The Company has a related party relationship with SG Luxembourg, its parent company (SG) and with its Executive Board Members, Supervisory Board Members and Executive Officers. As disclosed below in the table, the Company entered into transactions with SG Luxembourg, its parent company (SG) and other SG Group entities.

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed *in fine* by third party investors, either for their own account or via distribution network. Moreover, all Notes are guaranteed by Société Générale.

Also, the Company borrows securities from Société Générale, which serve as collateral for the secured Notes issued by the Company.

Notes to the financial statements

As at 31 December 2021

As at 31 December 2021	Société Générale (Parent Company)	SG Luxembourg	Other SG Group entities
EUR' 000			
Cash and cash equivalents	34 204	1 382	289
Financial assets at fair value through profit or loss			
- <i>Mandatorily at fair value through profit or loss</i>	40 322 401	-	-
- <i>Trading derivatives</i>	714 838	-	-
Loans and receivables	-	50 021	-
Other assets	497 267	-	-
Total assets	41 568 710	51 403	289
Financial liabilities at amortised cost	56	76 205	-
Financial liabilities at fair value through profit or loss			
- <i>Designated at fair value through profit or loss*</i>	-	-	-
- <i>Trading derivatives*</i>	-	-	-
Other liabilities	500 580	-	-
Tax liabilities	-	-	-
Total liabilities	500 636	76 205	-
Interest income	1	761	-
Commission income	45 174	-	-
Total revenues	45 175	761	-
Interest expenses	(648)	(28 819)	-
Personnel expenses	-	(352)	-
Other operating charges	(1 590)	(8 442)	(2 418)
Total expenses	(2 238)	(37 713)	(2 418)
Total comprehensive income for the financial year	42 937	(37 713)	(2 418)
Financial commitments	3 302 045	-	-
Financial commitments-collateral to be returned	4 836 039	-	-

*The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

Notes to the financial statements

As at 31 December 2021

As at 31 December 2020 EUR' 000	Société Générale (Parent Company)	SG Luxembourg	Other SG Group entities
Cash and cash equivalents	33 538	31	10 032
Financial assets at fair value through profit or loss			
- <i>Mandatorily at fair value through profit or loss</i>	43 135 651	-	-
- <i>Trading derivatives</i>	674 352	-	-
Loans and receivables	-	49 902	-
Other assets	835 571	-	-
Total assets	44 679 112	49 933	10 032
Financial liabilities at amortised cost	-	64 936	-
Financial liabilities at fair value through profit or loss			
- <i>Designated at fair value through profit or loss*</i>	-	-	-
- <i>Trading derivatives*</i>	-	-	-
Other liabilities	845 107	-	-
Tax liabilities	-	75	-
Total liabilities	845 107	65 011	-
Interest income	30	896	-
Commission income	48 748	-	-
Total revenues	48 778	896	-
Interest expenses	(690)	(17 720)	-
Personnel expenses	-	(273)	-
Other operating charges	(2 832)	(20 709)	(3 377)
Total expenses	(3 522)	(38 702)	(3 377)
Total comprehensive income for the financial year	45 256	(37 806)	(3 377)
Financial commitments	2 498 866	-	-
Financial commitments-collateral to be returned	3 924 732	-	-

* The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

Notes to the financial statements

As at 31 December 2021

NOTE 16 – REMUNERATION, ADVANCES AND LOANS GRANTED TO MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODY

The independent director of the Company, earned a remuneration of EUR 28 000 for his services related to the year ended 31 December 2021 (31 December 2020: EUR 28 000).

As at 31 December 2021 and 2020, no other payment, advance or loans were given to members of the administrative or supervisory body.

NOTE 17 – INFORMATION ON LITIGATIONS

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

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

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

NOTE 18 – SUBSEQUENT EVENTS

By resolution adopted on 14 January 2022, the Executive Board decided to increase the capital of the Company from EUR 2 000 320 to EUR 2 000 360 by the issue of a new share with a nominal value of EUR 40, subscribed by Société Générale Luxembourg S.A.. After this increase, the subscribed and fully paid share capital is EUR 2 000 360, divided into 50 009 shares with a nominal value of EUR 40 each. Such increase resulted in an allocation of EUR 28 243 758 to the share premium account.

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities. The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Executive Board has performed an analysis towards the Company's potential exposure to the above. The Executive Board regards these events as non-adjusting events after the reporting period. At the date of this report, the Company including its going concern is not significantly impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will be continued to be monitored.

APPENDIX 5

REPRODUCTION OF EXTRACTS OF THE UNIVERSAL REGISTRATION DOCUMENT 2022 OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2021 AND ITS STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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This Appendix has been extracted from the Universal Registration Document 2022 of the Guarantor. References to page numbers referred to above are to page numbers appearing in the said Registration Document which is a translation of the original French text.

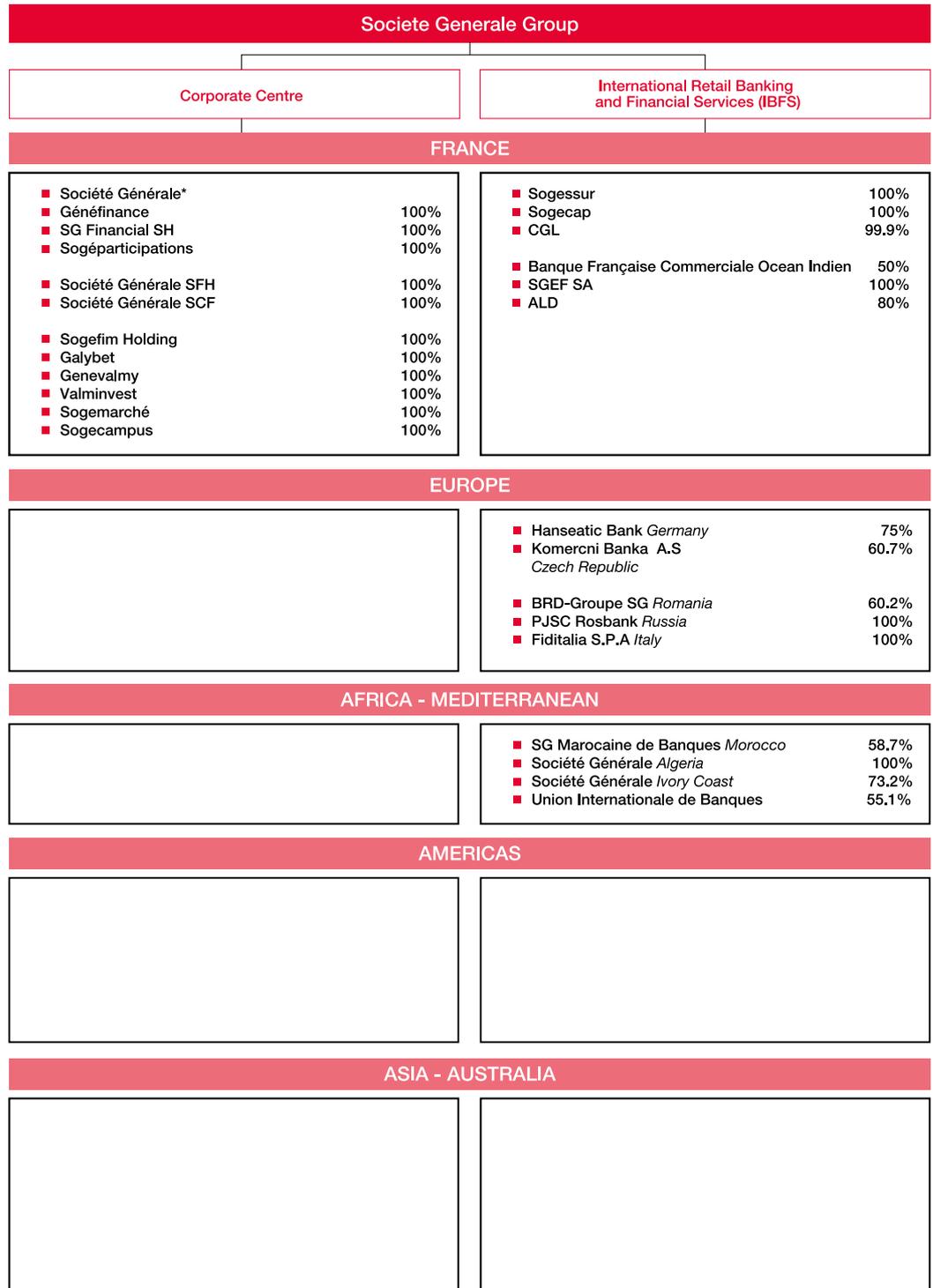
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GROUP MANAGEMENT REPORT

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2.1 SOCIETE GENERALE GROUP'S MAIN ACTIVITIES

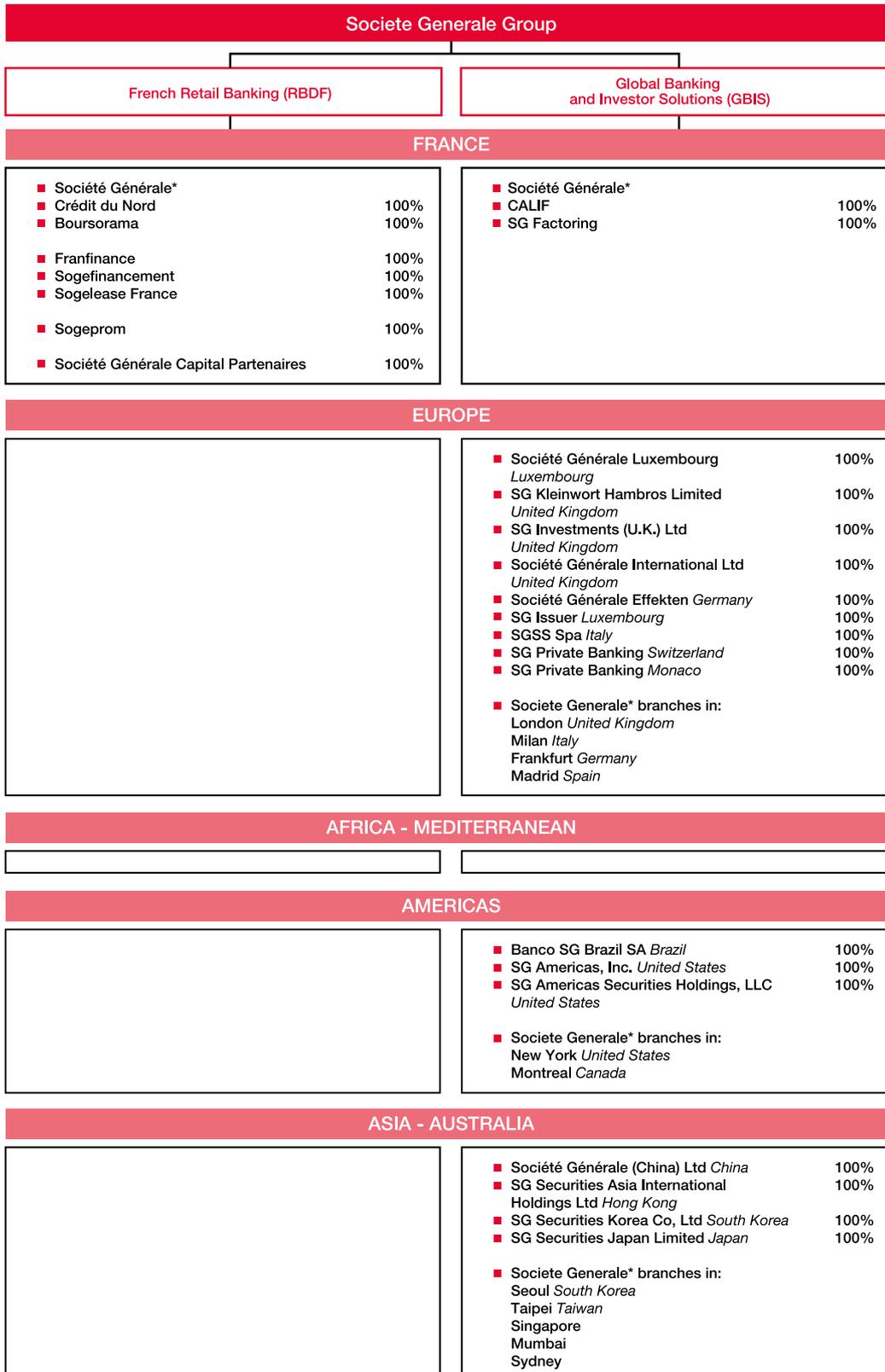
SIMPLIFIED OWNERSHIP STRUCTURE AT 31 DECEMBER 2021



* Parent Company

Notes:

- the percentage given indicate the percentage of capital held by the Group in the subsidiary;
- the groups are listed under the geographic region where they carry out their principal activities.



2.2 GROUP ACTIVITY AND RESULTS

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

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

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

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In EURm)	2021	2020	Change	
Net banking income	25,798	22,113	16.7%	17.7%*
Operating expenses	(17,590)	(16,714)	+5.2%	+5.8%*
Gross operating income	8,208	5,399	52.0%	55.1%*
Net cost of risk	700	(3,306)	-78.8%	-78.6%*
Operating income	7,508	2,093	x 3.6	x 3.7*
Net income from companies accounted for by the equity method	6	3	100%	100%*
Net profits or losses from other assets	635	(12)	n/s	n/s
Impairment losses on goodwill	(114)	(684)	83.3%	83.3%*
Income tax	(1,697)	(1,204)	41.0%	43.2%*
Net income	6,338	196	x 32.3	x 43.8*
<i>o.w. noncontrolling interests</i>	697	454	53.5%	53.6%*
Group net income	5,641	(258)	n/s	n/s
Cost-to-income ratio	68.2%	75.6%		
Average allocated capital ⁽¹⁾	52,634	52,091		
ROTE	11.7%	-0.4%		

(1) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements).

Net banking income

Net banking income was substantially higher in 2021, up +16.7% (+17.7%*) vs. 2020, and +16.1% (+17.2%*) vs. 2020 on an underlying basis, with a very strong momentum in all businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% vs. 2020, driven by the recovery in net interest income and by buoyant fee income, particularly in respect of financial fees.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%* vs. 2020), underpinned by the excellent momentum in Financial Services (+32.0%* vs. 2020) and Insurance (+8.6%* vs. 2020). International Retail Banking benefited from a rebound in its activities (+2.8%* vs. 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%*) vs. 2020. Financing & Advisory posted a record performance, with growth of +14.8% (+15.8%*) vs. 2020, while Global Markets & Investor Services posted substantially higher revenues than in 2020, up +35.6% (+36.9%*).

Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (adjusted for transformation costs), i.e. an increase of +4.3% vs. 2020.

The increase can be explained primarily by the rise in variable costs associated with revenue growth (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% vs. 74.6% in 2020).

Excluding the contribution to the Single Resolution Fund (SFR), the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improve thereafter. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, bearing in mind that SFR contribution totalled EUR 586 million in 2021.

The contribution to the Fund is expected to rise until the end of 2023.

The radical transformations that were announced for the Group in 2021 have led to changes in the 2023 cost outlook. The various initiatives in progress will help push down the Group's underlying cost-to-income ratio beyond 2022, excluding the Single Resolution Fund contribution year after year.

Cost of risk

In 2021, the cost of risk declined to a low 13 basis points, which was lower than the 2020 level of 64 basis points, i.e. EUR 700 million (vs. EUR 3,306 million in 2020). The amount breaks down to a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

The Group granted government-guaranteed loans ("PGE") to support its clients during the crisis. At 31 December 2021, the residual amount of government-guaranteed loans represented around EUR 17 billion. In France, this loan category totalled approximately EUR 14 billion, while net exposure stood at around EUR 1.5 billion.

The doubtful loan ratio stood at 2.9% at 31 December 2021, a decline on the end-September 2021 level of 3.1%. The gross coverage ratio on doubtful loans for the Group was 51% at 31 December 2021.

The cost of risk is expected to be below 30 basis points in 2022.

Operating income

Book operating income totalled EUR 7,508 million in 2021 compared with EUR 2,093 million in 2020. Underlying operating income came to EUR 7,770 million compared with EUR 2,323 million in 2019.

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR 635 million in 2021, of which EUR 439 million from the disposal of Lyxor's asset management activities and EUR 185 million in capital gains from the disposal of real estate.

Impairment losses on goodwill

On back of the review of International Retail Banking's financial trajectory, the Group recorded an impairment loss on goodwill of EUR 114 million in 2021 relating to the acquisition of the CGU Africa, Mediterranean Basis and Overseas.

Income tax

The Group recognised EUR 130 million in deferred tax assets in 2021.

Net income

<i>(In EURm)</i>	2021	2020
Reported Group net income	5,641	(258)
Underlying Group net income ⁽¹⁾	5,264	1,435

<i>(In %)</i>	2021	2020
ROTE (reported)	11.7%	-0.4%
Underlying ROTE ⁽¹⁾	10.2%	1.7%

(1) Adjusted for exceptional items.

2.3 ACTIVITY AND RESULTS OF THE CORE BUSINESSES

2.3.1 RESULTS BY CORE BUSINESSES

(In EURm)	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net banking income	7,777	7,315	8,117	7,524	9,530	7,613	374	(339)	25,798	22,113
Operating expenses	(5,635)	(5,418)	(4,203)	(4,142)	(6,863)	(6,713)	(889)	(441)	(17,590)	(16,714)
Gross operating income	2,142	1,897	3,914	3,382	2,667	900	(515)	(780)	8,208	5,399
Net cost of risk	(104)	(1,097)	(504)	(1,265)	(86)	(922)	(6)	(22)	(700)	(3,306)
Operating income	2,038	800	3,410	2,117	2,581	(22)	(521)	(802)	7,508	2,093
Net income from companies accounted for by the equity method	1	(1)	0	0	4	4	1	0	6	3
Net profits or losses from other assets	24	158	18	15	(10)	0	603	(185)	635	(12)
Impairment losses on goodwill	-	-	-	-	-	-	(114)	(684)	(114)	(684)
Income tax	(575)	(291)	(840)	(531)	(469)	100	187	(482)	(1,697)	(1,204)
Net income	1,488	666	2,588	1,601	2,106	82	156	(2,153)	6,338	196
<i>o.w. non-controlling interests</i>	(4)	-	506	297	30	25	165	132	697	454
Group net income	1,492	666	2,082	1,304	2,076	57	(9)	(2,285)	5,641	(258)
Cost-to-income ratio	72.5%	74.1%	51.8%	55.1%	72.0%	88.2%			68.2%	75.6%
Average allocated capital*	11,149	11,427	10,246	10,499	14,916	14,302	16,324	15,860	52,634	52,091
RONE (businesses)/ROTE (Group)	13.4%	5.8%	20.3%	12.4%	13.9%	0.4%			11.7%	-0.4%

* Amounts adjusted compared with the financial statements published in 2020 (See Note 1.7 of the financial statements).

2.3.2 FRENCH RETAIL BANKING

(In EURm)	2021	2020	Change
Net banking income	7,777	7,315	6.3%
Operating expenses	(5,635)	(5,418)	4.0%
Gross operating income	2,142	1,897	12.9%
Net cost of risk	(104)	(1,097)	-90.5%
Operating income	2,038	800	x 2.5
Net income from companies accounted for by the equity method	1	(1)	n/s
Net profits or losses from other assets	24	158	-84.8%
Impairment losses on goodwill	-	-	n/s
Income tax	(575)	(291)	97.6%
Net income	1,488	666	x 2.2
<i>o.w. non-controlling interests</i>	(4)	-	n/s
Group net income	1,492	666	x 2.2
Cost-to-income ratio	72.5%	74.1%	
Average allocated capital	11,149	11,427	

Activity and net banking income

French Retail Banking's commercial performance surged in 2021 after being heavily impacted by the pandemic in 2020.

The brands continued to grow their activity in core businesses.

French Retail Banking maintained its support for the economy, accompanying individual, corporate and professional clients.

In insurance activities, property and casualty premiums and protection insurance delivered sound performances, with premiums up +1.8% vs. 2020. The number of personal protection policies grew +6.7% vs. 2020.

Private Banking's net inflow was very robust at EUR 4.1 billion in 2021.

Boursorama consolidated its position as France's leading online bank, with more than 3.3 million clients at end-December 2021. Client onboarding at Boursorama reached a record level, with around 800,000 new clients added to the books in 2021.

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion and were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by growth in home loan production (+33% vs. Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans vs. Q4 20.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021.

Average outstanding balance sheet deposits⁽¹⁾ increased by +7% in Q4 21 vs. Q4 20 to EUR 241 billion, still driven by sight deposits. As a result, the average loan/deposit ratio stood at 87% in Q4 21 vs. 94% in Q4 20.

Revenues (excluding PEL/CEL) totalled EUR 7,738 million in 2021, up +4.8% vs. 2020. Net interest income (excluding PEL/CEL) was up +2.1% vs. 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% vs. 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

Operating expenses

Operating expenses were higher at EUR 5,635 million (+4.0% vs. 2020). The cost to income ratio (adjusted for the PEL/CEL provision) stood at 72.8%, an improvement of 0.6 points vs. 2020.

Cost of risk

The cost of risk amounted to EUR 104 million or 5 basis points in 2021, a substantial decline compared to 2020 (EUR 1,097 million or 52 basis points), which is broken down between -EUR 166 million of provision reversal in Stage 1/Stage 2 and EUR 270 million provision on Stage 3 (non performing outstandings).

Contribution to Group net income

The contribution to Group net income was EUR 1,492 million in 2021 (x2.2 vs. 2020). RONE (adjusted for the PEL/CEL provision) stood at 13.1% in 2021.

2.3.3 INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

(In EURm)	2021	2020	Change	
Net banking income	8,117	7,524	7.9%	9.9%*
Operating expenses	(4,203)	(4,142)	1.5%	3.1%*
Gross operating income	3,914	3,382	15.7%	18.3%*
Net cost of risk	(504)	(1,265)	-60.2%	-59.4%*
Operating income	3,410	2,117	61.1%	65.2%*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	18	15	20.0%	21.2%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(840)	(531)	58.2%	62.7%*
Net income	2,588	1,601	61.6%	65.6%*
o.w. non-controlling interests	506	297	70.4%	70.5%*
Group net income	2,082	1,304	59.7%	64.4%*
Cost-to-income ratio	51.8%	55.1%		
Average allocated capital	10,246	10,499		

* At constant structure and exchange rates.

Revenues totalled EUR 8,117 million in 2021, up +9.9%* (+7.9%) vs. 2020.

Operating expenses totalled EUR 4,203 million, an increase of +3.1%* on an underlying basis (+1.5% on a reported basis) vs. 2020. The cost to income ratio stood at 51.8% in 2021.

The cost of risk stood at 38 basis points for a total of EUR 504 million) in 2021, compared with 96 basis points in 2020.

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%*, +59.7% vs. 2020). Underlying RONE stood at 20.3% in 2021 (vs. 12.4% in 2020).

International Retail Banking

(In EURm)	2021	2020	Change	
Net banking income	5,000	4,902	2.0%	2.8%*
Operating expenses	(2,914)	(2,870)	1.5%	2.5%*
Gross operating income	2,086	2,032	2.7%	3.3%*
Net cost of risk	(429)	(1,080)	-60.3%	-59.9%*
Operating income	1,657	952	74.1%	74.4%*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	18	4	x 4.5	x 4.7*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(405)	(227)	78.4%	79.1%*
Net income	1,270	729	74.2%	74.5%*
<i>o.w. non-controlling interests</i>	334	198	68.7%	67.3%*
Group net income	936	531	76.3%	77.2%*
Cost-to-income ratio	58.3%	58.5%		
Average allocated capital	5,750	5,882		

* At constant structure and exchange rates.

International Retail Banking's loan and deposit production provided confirmation in Q4 21 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion and rose +6.0%* vs. end-December 2020. Outstanding deposits were 8.5%* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%* vs. December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%* in the Czech Republic, +11.1%* in Romania, and +5.4%* in Western Europe. Outstanding deposits increased by +6.0%* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%* vs. end-December 2020, with a robust commercial performance particularly in home loans (+15%* year-on-year) and in the corporate customers segment (+22%*

year-on-year). There was a significant increase in outstanding deposits (+20.8%*).

In Africa, the Mediterranean Basin and Overseas, outstanding loans rose +1.6%* year-on-year. Outstanding deposits continued to enjoy solid momentum, up +7.7%*.

In International Retail Banking, net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%* vs. 2020 thanks to a rise in interest rates and robust commercial momentum.

In International Retail Banking, operating expenses were slightly higher (+2.5%*, +1.5%) than in 2020.

Insurance

(In EURm)	2021	2020	Change	
Net banking income	963	887	8.6%	8.6%*
Operating expenses	(373)	(356)	4.8%	4.8%*
Gross operating income	590	531	11.1%	11.1%*
Net cost of risk	0	0	n/s	n/s
Operating income	590	531	11.1%	11.1%*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	0	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(165)	(165)	0.0%	0.0%*
Net income	424	366	15.8%	15.9%*
<i>o.w. non-controlling interests</i>	3	3	0.0%	6.5%*
Group net income	421	363	16.0%	16.0%*
Cost-to-income ratio	38.7%	40.1%		
Average allocated capital	2,032	1,865		

* At constant structure and exchange rates.

In the Insurance business, the life insurance savings business saw outstandings increase +7%* to EUR 135 billion at end-December 2021 vs. end-December 2020. The share of unit-linked products in outstandings was 37%, an increase of +4 points vs. December 2020.

Protection insurance registered growth of +5%* vs. December 2020. Property/casualty premiums rose +8%* in 2021, as did personal protection insurance (+3%* vs. 2020).

The Insurance business posted net banking income up +8.6%* vs. 2020, at EUR 963 million in 2021.

Operating expenses were in line with the planned growth trajectory and rose +4.8%* vs. 2020.

Financial Services

(In EURm)	2021	2020	Change	
Net banking income	2,154	1,735	24.1%	32.0%*
Operating expenses	(916)	(916)	0.0%	4.4%*
Gross operating income	1,238	819	51.2%	64.1%*
Net cost of risk	(75)	(185)	-59.5%	-56.3%*
Operating income	1,163	634	83.4%	99.8%*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	1	11	-90.9%	-90.9%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(270)	(139)	94.2%	x 2.2*
Net income	894	506	76.7%	90.8%*
<i>o.w. non-controlling interests</i>	169	96	76.0%	79.3%*
Group net income	725	410	76.8%	93.7%*
Cost-to-income ratio	42.5%	52.8%		
Average allocated capital	2,444	2,730		

* At constant structure and exchange rates.

Financial Services also posted robust growth. Operational Vehicle Leasing and Fleet Management registered 1.7 million contracts, including 1.4 million financed vehicles, i.e. an increase of +4.0% vs. end-December 2020. Equipment Finance's new leasing business was up +12.1%* vs. 2020, while outstanding loans rose +1.1% vs. end-December 2020, to EUR 14.7 billion (excluding factoring).

Financial Services' net banking income grew strongly (+32.0%*) to EUR 2,154 million compared with 2020. This performance was driven primarily by ALD's activities which posted strong fleet growth and by the vehicle resale business (EUR 1,422 per vehicle in 2021).

Operating expenses in Financial Services increased by +4.4%* vs. 2020.

2.3.4 GLOBAL BANKING AND INVESTOR SOLUTIONS

(In EURm)	2021	2020	Change	
Net banking income	9,530	7,613	25.2%	26.1%*
Operating expenses	(6,863)	(6,713)	2.2%	2.7%*
Gross operating income	2,667	900	x 3.0	x 3.0*
Net cost of risk	(86)	(922)	-90.7%	-90.5%*
Operating income	2,581	(22)	n/s	n/s
Net income from companies accounted for by the equity method	4	4	0.0%	0.0%*
Net profits or losses from other assets	(10)	0	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(469)	100	n/s	n/s
Net income	2,106	82	x 25.7	x 27.8*
<i>o.w. non-controlling interests</i>	30	25	20.0%	20.0%*
Group net income	2,076	57	x 36.4	x 40.8*
Cost-to-income ratio	72.0%	88.2%		
Average allocated capital	14,916	14,302		

* At constant structure and exchange rates.

In 2021, Global Banking & Investor Solutions posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.

Operating expenses totalled EUR 6,863 million in 2021, an increase of +2.2% vs. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, the cost-to-income ratio improved significantly by 14 points (72% vs. 86% on an underlying basis in 2020).

The cost of risk was 5 basis points (or EUR 86 million) vs. 57 basis points in 2020, including a EUR -44 million provision for H1/H2 and another EUR 130 million provision for non-performing loans in H3.

The underlying contribution to Group net income came to EUR 2,076 million for 2021.

Global Banking & Investor Solutions registered very substantial RONE of 13.9% in 2021 (16.1% when adjusted for the impact of the Single Resolution Fund contribution).

Global Markets and Investor Services

(In EURm)	2021	2020	Change	
Net banking income	5,648	4,164	35.6%	36.9%*
Operating expenses	(4,315)	(4,337)	-0.5%	0.1%*
Gross operating income	1,333	(173)	n/s	n/s
Net cost of risk	(1)	(24)	-95.8%	-95.8%*
Operating income	1,332	(197)	n/s	n/s
Net income from companies accounted for by the equity method	4	4	0.0%	0.0%*
Net profits or losses from other assets	(8)	11	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(281)	40	n/s	n/s
Net income	1,047	(142)	n/s	n/s
<i>o.w. non-controlling interests</i>	27	23	17.4%	17.4%*
Group net income	1,020	(165)	n/s	n/s
Cost-to-income ratio	76.4%	104.2%		
Average allocated capital	7,967	7,960		

* At constant structure and exchange rates.

Global Markets and Investor Services turned in a very strong performance, registering EUR 5,001 million, up +40.2% on 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equities market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.

The **Equities** activity enjoyed its best year since 2009 (EUR 3,150 million vs. EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by buoyant market conditions and the successful repositioning of the Investment Solutions product offering.

Fixed Income and Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was dominated by exceptional market conditions in the first half of the year.

Securities Services' revenues grew significantly to EUR 4,586 billion in 2021, up EUR 271 billion year-on-year. Over the same period, assets under administration increased by EUR 59 billion to EUR 697 billion in 2021.

Securities Services' revenues increased strongly over the year, with the division posting revenue growth of EUR 647 million, up +8.4% relative to the 2021 performance.

Financing and Advisory

(In EURm)	2021	2020	Change	
Net banking income	2,924	2,546	14.8%	15.8%*
Operating expenses	(1,746)	(1,563)	11.7%	12.4%*
Gross operating income	1,178	983	19.8%	21.2%*
Net cost of risk	(64)	(861)	-92.6%	-92.4%*
Operating income	1,114	122	x 9.1	x 8.8*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	(3)	66.7%	66.7%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(158)	69	n/s	n/s
Net income	955	188	x 5.1	x 5.0*
o.w. non-controlling interests	1	0	n/s	n/s
Group net income	954	188	x 5.1	x 5.0*
Cost-to-income ratio	59.7%	61.4%		
Average allocated capital	5,983	5,445		

* At constant structure and exchange rates.

Financing and Advisory delivered its best historical annual performance, with revenues of EUR 2,924 million, up +14.8% vs. 2020. First, the business capitalised on strong market momentum,

particularly in Investment Banking, by playing key roles in our clients' large-scale transactions and second, it benefited from additional capital allocation.

Asset and Wealth Management

(In EURm)	2021	2020	Change	
Net banking income	958	903	6.1%	5.5%*
Operating expenses	(802)	(813)	-1.4%	-2.0%*
Gross operating income	156	90	73.3%	73.3%*
Net cost of risk	(21)	(37)	-43.2%	-43.2%*
Operating income	135	53	x 2.5	x 2.5*
Net income from companies accounted for by the equity method	0	0	n/s	n/s
Net profits or losses from other assets	(1)	(8)	87.5%	87.5%*
Impairment losses on goodwill	0	0	n/s	n/s
Income tax	(30)	(9)	x 3.3	x 3.3*
Net income	104	36	x 2.9	x 2.9*
o.w. non-controlling interests	2	2	0.0%	0.0%*
Group net income	102	34	x 3.0	x 3.0*
Cost-to-income ratio	83.7%	90.0%		
Average allocated capital	961	892		

* At constant structure and exchange rates.

Asset and Wealth Management's net banking income totalled EUR 958 million in 2021 (+6.1% vs. 2020).

In 2021, **Private Banking** posted a revenue increase of +3.1% vs. 2020, to EUR 699 million. Adjusted for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues were up +7.7%. The business benefited from strong commercial momentum

in all regions. Net inflow totalled EUR +7.7 billion in 2021. Assets under management stood at EUR 130 billion, a +12% increase on 2021.

In 2021, **Lyxor's** net banking income totalled EUR 239 million, an increase of +15.5% vs. 2020. Assets under management were up +27% in 2021, to EUR 178 billion.

2.3.5 CORPORATE CENTRE

<i>(In EURm)</i>	2021	2020	Change
Net banking income	374	(339)	n/s
Operating expenses	(889)	(441)	x 2.0
Gross operating income	(515)	(780)	34.0%
Net cost of risk	(6)	(22)	-72.7%
Operating income	(521)	(802)	35.0%
Net income from companies accounted for by the equity method	1	0	n/s
Net profits or losses from other assets	603	(185)	n/s
Impairment losses on goodwill	(114)	(684)	83.3%
Income tax	187	(482)	n/s
Net income	156	(2,153)	n/s
<i>o.w. non-controlling interests</i>	165	132	25.0%
Group net income	(9)	(2,285)	99.6%

The Corporate Centre includes:

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

The Corporate Centre's net banking income totalled EUR +374 million in 2021 vs. EUR -339 million in 2020.

Operating expenses totalled EUR 889 million in 2021 vs. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.

Gross operating income totalled EUR -515 million in 2021 vs. EUR -780 million in 2020. Underlying gross operating income came in at EUR -253 million in 2021, vs. EUR -727 million in 2020.

Net profits or losses from other assets totalled EUR +603 million in 2021 vs. EUR -185 million in 2020 and included proceeds from the disposal of Lyxor's asset management activities for EUR +439 million and those of the Crédit du Nord head office for EUR +185 million.

The Group recognised EUR 130 million of deferred tax assets in 2021. Furthermore, the review of International Retail Banking's financial trajectory resulted in goodwill impairment of EUR -114 million.

The Corporate Centre's contribution to Group net income was EUR -9 million in 2020 vs. EUR -2,285 million in 2020.

2.3.6 DEFINITIONS AND METHODOLOGY, ALTERNATIVE PERFORMANCE MEASURES

Framework

The financial information presented in respect of the financial year ended 31 December 2021 was reviewed by the Board of Directors on 9 February 2022 and was prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

Capital allocation

In 2020, the allocation of normative capital to the businesses on the basis of their capital consumption was determined in accordance with CRR rules, *i.e.* 11% of their risk-weighted assets, supplemented by the consumption of Common Equity Tier 1 capital chargeable to each business after taking into account non-controlling interests and the adjustment of capital consumption in insurance activities. Accordingly, the capital allocation rule applies to the Group's three pillars - French Retail Banking, International Retail Banking and Financial Services, and Global Banking and Investor Solutions - and enables each activity's capital consumption and profitability to be calculated by activity on a standalone and uniform basis, taking into account the Group's regulatory constraints.

Net banking income

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

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

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

Operating expenses

Operating expenses for the business divisions correspond to the information reported in Note 8.1 to the Group's consolidated financial statements at 31 December 2020 (see pages 483 to 485) and include their direct expenses, their management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the business divisions. The Corporate Centre only books costs related to its own activity, along with certain technical adjustments.

Cost-to-income ratio

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

IFRIC 21 adjustment

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

Underlying indicators

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

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

Moreover, the Group restates the allocations or reversals of PEL/CEL provisions on French Retail Banking's revenues and income. This

adjustment provides a clearer picture of revenues and income by excluding volatile items related to commitments on regulated savings.

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

(In EURm)	2021	2020	Change
Net Banking Income	25,798	22,113	16.7%
(-) Reevaluation gain*	117	-	Corporate Centre
Underlying Net Banking Income	25,681	22,113	16.1%
Operating Expenses⁽¹⁾	(17,590)	(16,714)	5.2%
(-) Transformation charges*	(379)	(210)	See notes (2) and (3)
Underlying operating expenses	(17,211)	(16,504)	4.3%
Net cost of risk	(700)	(3,306)	-78.8%
(-) Group refocusing plan*	-	(20)	Corporate Centre
Underlying net cost of risk	(700)	(3,286)	-78.7%
Net profit or losses from other assets	635	(12)	n/s
(-) Group refocusing plan*	-	(178)	Corporate Centre
(-) Capital gains on Haussmann office disposal*	185	-	Corporate Centre
(-) Lyxor disposal*	439	-	Corporate Centre
Underlying net profit or losses from other assets	11	166	-93.4%
Net income from companies under equity method	6	3	100%
Impairment losses on goodwill	(114)	(684)	83.3%
(-) Goodwill impairment	(114)	(684)	Corporate Centre
Underlying impairment losses on goodwill	0	0	n/s
Income tax	(1,697)	(1,204)	41.0%
(-) Group refocusing plan*	-	(14)	Corporate Centre
(-) Reevaluation gain*	(2)	-	Corporate Centre
(-) Transformation charges*	104	63	See note (2) and (3)
(-) Lyxor disposal*	(50)	-	Corporate Centre
(-) DTA recognition / (impairment)*	130	(650)	Corporate Centre
(-) Capital gains on Haussmann office disposal*	(53)	-	Corporate Centre
Underlying income tax	(1,826)	(603)	x3.0
Group net income	5,641	(258)	n/s
Effect in Group net income of above restatements	(377)	(1,693)	
Underlying Group Net income	5,264	1,435	x3.7

* Exceptional items.

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

(2) 2020: Global Banking and Investor Solutions (EUR -157m), Corporate Centre (EUR -53m).

(3) 2021: All charges booked in Corporate Centre in relation to the following businesses: French Retail Banking (EUR -194m), Global Banking and Investor Solutions (EUR -99m) and Corporate Centre (EUR -86m).

Cost of risk

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

Societe Generale's commercial net cost of risk is expressed in basis points. It is calculated by dividing the net annual allocation to

provisions for commercial risks by average loan outstandings at the end of the four quarters preceding the closing date. This indicator reveals the level of risk borne by each of the pillars as a percentage of balance sheet loan commitments, including operating leases. The key items used in this calculation are indicated in the table below.

		2021	2020
French Retail Banking	Net cost of risk (EUR m)	104	1,097
	Gross loan outstandings (EUR m)	218,043	212,185
	Cost of risk in bp	5	52
International Retail Banking and Financial Services	Net cost of risk (EUR m)	504	1,265
	Gross loan outstandings (EUR m)	133,321	132,082
	Cost of risk in bp	38	96
Global Banking and Investor Solutions	Net cost of risk (EUR m)	86	922
	Gross loan outstandings (EUR m)	165,603	160,918
	Cost of risk in bp	5	57
Societe Generale Group	Net cost of risk (EUR m)	700	3,306
	Gross loan outstandings (EUR m)	530,801	516,797
	Cost of risk in bp	13	64

Gross coverage ratio for doubtful outstandings

"Doubtful outstandings" are outstandings that are in default pursuant to the regulations.

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

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

Net income/expense from other assets

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

Income tax

The Group's tax position is managed centrally.

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

ROE, ROTE

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

It excludes:

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

It deducts:

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

For the ROTE, the following items are also excluded:

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

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

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

RONE

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

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

(In EURm, end of period)

	2021	2020
Shareholders' equity Group share*	65,067	61,710
Deeply subordinated notes	(8,003)	(8,830)
Undated subordinated notes		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19
OCI excluding conversion reserves	(489)	(942)
Dividend provision	(2,286)	(467)
ROE equity end-of-period*	54,310	51,227
Average ROE equity*	52,634	52,091
Average Goodwill	(3,890)	(4,172)
Average Intangible Assets	(2,584)	(2,432)
Average ROTE equity*	46,160	45,487
Group net Income (a)	5,641	(258)
Underlying Group net income (b)	5,264	1,435
Interest on deeply subordinated notes and undated subordinated notes (c)	(590)	(611)
Cancellation of goodwill impairment (d)	337	684
Corrected Group net Income (e) = (a) + (c) + (d)	5,388	(185)
Corrected Underlying Group net Income (f) = (b) + (c)	4,674	824
Average ROTE equity (g)*	46,160	45,487
ROTE (e/g)	11.7%	-0.4%
Average ROTE equity (underlying) (h)*	45,783	47,180
Underlying ROTE (f/h)	10.2%	1.7%

* Amounts adjusted compared with the financial statements published in 2020 (See Note 1.7 of the financial statements).

RONE CALCULATION: AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES

(In EURm)

	2021	2020
French Retail Banking	11,149	11,427
International Retail Banking and Financial Services	10,246	10,499
Global Banking and Investor Solutions	14,916	14,302

Earnings per share

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

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

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

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

	2021	2020
Existing shares (average number, in thousands of shares)	853,371	853,371
Deductions (in thousands of shares)		
Shares allocated to cover stock option plans and free shares awarded to staff (average, in thousands of shares)	3,861	2,987
Other own shares and treasury shares	3,249	
Number of shares used to calculate EPS⁽¹⁾	846,261	850,385
Group net Income (In EURm)	5,641	(258)
Interest on deeply subordinated notes and undated subordinated notes (In EURm)	(590)	(611)
Capital gain net of tax on partial buybacks (In EURm)	0	0
Adjusted Group net income (In EURm)	5,051	(869)
EPS (In EUR)	5.97	(1.02)
Underlying EPS⁽²⁾ (In EUR)	5.52	0.97

(1) The number of shares considered is the number of ordinary shares outstanding at 31 December 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

(2) Adjusted for exceptional items.

Net Asset, Net Tangible Asset Value

Net assets comprise Group shareholders' equity, excluding:

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

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

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

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

	2021	2020
Shareholders' equity Group share (In EURm)*	65,067	61,710
Deeply subordinated notes (In EURm)	(8,003)	(8,830)
Undated subordinated notes (In EURm)		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations (In EURm)	20	19
Book value of own shares in trading portfolio (In EURm)	37	301
Net Asset Value (In EURm)	57,121	52,936
Goodwill (In EURm)	(3,624)	(3,928)
Intangible Asset (In EURm)	(2,733)	(2,484)
Net Tangible Asset Value (In EURm)	50,764	46,524
Number of shares used to calculate NAPS⁽¹⁾	831,162	848,859
Net Asset Value per Share (In EUR)	68.7	62.4
Net Tangible Asset Value per Share (EUR)	61.1	54.8

(1) In thousands of shares, the number of shares considered is the number of ordinary shares outstanding at 31 December, excluding treasury shares and buybacks, but including the trading shares held by the Group. In accordance with IAS33, historical data per share prior to the date of detachment of a preferential subscription right are adjusted by the adjustment coefficient for the transactions.

* Amounts adjusted compared with the financial statements published in 2020 (See Note 1.7 of the financial statements).

Prudential capital and solvency ratios

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

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

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

The leverage ratio is calculated according to applicable CRR/CRDIV rules, including the provisions of the Delegated Act of October 2014.

2.4 NEW IMPORTANT PRODUCTS OR SERVICES

2.4.1 SOCIETE GENERALE ISSUES THE FIRST STRUCTURED PRODUCT ON PUBLIC BLOCKCHAIN

On 15 April 2021, Societe Generale issued the first structured product⁽¹⁾ as a Security Token directly registered on the Tezos public blockchain. The securities were fully subscribed by Societe Generale Assurances. The operation follows in the footsteps of a first covered bond Security Token issuance worth EUR 100 million on the Ethereum blockchain, settled in euros in April 2019, and of a second covered bond Security Token issuance worth EUR 40 million, this time settled in Central Bank Digital Currency (CBDC) and issued by Banque de France in May 2020. This latest transaction completes a new step in the development of Societe Generale – Forge, a regulated subsidiary of Societe Generale Group, which aims to offer crypto assets structuring, issuing, exchange and custody services to the Group’s professional clients by 2022.

This new experimentation, performed in accordance with best market practices, demonstrates the legal, regulatory and operational feasibility of issuing more complex financial instruments (structured products) on public blockchain. It leverages this disruptive technology which enables increased efficiency and fluidity of financial transactions: unprecedented product structuration capacity, shortened time-to-market, automated corporate actions, increased transparency and transaction and settlement speeds, as well as reduced cost and fewer intermediaries.

Thanks to Societe Generale – Forge’s innovative operating model, Security Tokens can be directly integrated into conventional banking systems interfaced with the SWIFT format. Innovation is key to Societe Generale Group’s digital transformation. The Group has been involved for several years in numerous initiatives based on blockchain and distributed ledger technologies, using the most innovative technologies and creating disruptive business models, with the aim of better serving its clients.

2.4.2 SOCIETE GENERALE AND KYRIBA JOIN FORCES TO CREATE A CLOUD TREASURY MANAGEMENT SOLUTION

Societe Generale’s clients will have access to a complete treasury management solution (monitoring, payments and fraud management) based on Kyriba’s global cloud platform.

On 11 June 2021, Societe Generale, one of the leading European financial services groups particularly in the field of transaction banking, and Kyriba, a global leader of cloud-based finance and IT solutions, announced in London a strategic partnership to launch a

new treasury management solution. This solution will include payment automation and fraud management functionalities, and will be dedicated to the Bank’s corporate clients and their subsidiaries. Fully hosted in the cloud, this solution will be based on Kyriba’s global platform and distributed by Societe Generale. The objective was to facilitate daily treasury management for corporate clients, so Kyriba and Societe Generale pooled their expertise to offer the following functionalities:

- real-time monitoring of treasury positions and provisional management of liquidity flows;
- payment automation (remittances);
- banking delegation and mandate management;
- enhanced fraud management;
- multi-bank connectivity and ERP, payment validation workflow management.

Since it is fully hosted in the cloud, the solution facilitates implementation and seamless updates. It will be available on SG Markets, the Bank’s digital client portal for corporates.

Based on Kyriba’s global cloud platform, the functionalities of this solution will offer the same level of quality as those offered to the world’s largest companies in terms of data management, cybersecurity, business processes and innovation.

It was launched during the fourth quarter of 2021 starting with the French market.

Alexandre Maymat, Head of Global Transaction and Payment Services at Societe Generale commented: “Treasury management is a key area of focus for companies and we believe it is essential to make this easier through simple, efficient and secure tools. This is even more important as we exit the current crisis and, depending on their size, some companies are poorly equipped in this area. With our open architecture model allowing us to offer our clients the best solutions on the market, it seemed natural to partner with Kyriba, whose solutions are known for their robustness and adaptability. This partnership also inaugurates other collaborations that we will be keen to develop with Kyriba to ensure we can always better anticipate and meet the needs of our clients.”

“We are very proud to join this strategic partnership with Societe Generale. The recent crisis has underlined the need for companies to manage liquidity as closely as possible and to control and secure their payments. We believe this joint solution will improve the way they leverage their cash and liquidity and become more resilient, more scalable and more competitive. The technological advance of Kyriba’s Active Liquidity Management Platform in terms of Artificial Intelligence and real-time will help those businesses to better withstand and take advantage of every opportunity offered by the market. It is also an important step in Kyriba’s development, which will contribute to our growth in this market,” added Edi Poloniato, co-Head of Banking Solutions for Kyriba.

(1) Autocall, Euro Medium Term Notes (EMTN), EUR 5m.

2.4.3 SOCIETE GENERALE PRIVATE BANKING LAUNCHES THE FIRST SRI-LABELLED* DISCRETIONARY MANAGEMENT OFFER

- Societe Generale Private Banking is offering those clients wishing to delegate the management of their investments while integrating sustainable development issues the first SRI-labelled discretionary management service in France.
- The “29 Haussmann Signature ISR” fund covers the main asset classes, geographical areas, capitalisation segments and investment themes.
- This new offer is based on the recognised expertise of SG 29 Haussmann[†], the Bank’s asset management company, and renowned partners such as Mirova, DNCA Finance, La Financière de l’Échiquier, Amundi and BlackRock[®].

Faced with growing environmental and social challenges, clients want to give meaning to their investments. To meet this need, Societe Generale Private Banking France offers a new discretionary management solution, “29 Haussmann Signature ISR”.

With this pioneering initiative, clients have the assurance that at least 90% of their mandate will be invested in funds or ETFs with the SRI label at all times.

With the “29 Haussmann Signature SRI” mandate, clients invest in Societe Generale Group funds with SRI certification, which select companies based on both traditional financial criteria and environmental, social and governance criteria.

This approach makes it possible to better assess certain risks (climate and health risks, etc.) and to identify the sources of opportunities represented by the challenges of sustainable development in the medium and long term (renewable energies, waste treatment, new technologies, etc.).

A solution designed by the managers of SG 29 Haussmann

With “29 Haussmann Signature ISR”, clients delegate the management of their investments to the SG 29 Haussmann teams, experts in the financial markets, who steer their investments with the aim of generating sustainable performance over time.

To build their portfolios, SG 29 Haussmann’s managers rely on the Societe Generale group funds and SRI-labelled ETFs covering different asset classes, geographical areas, capitalisation segments and investment themes.

“We have chosen to complement the expertise of our managers by delegating the management of certain strategies to external partners to whom we have set specifications that reflect our SRI approach,” explained Guillaume de Martel, Executive Chairman of SG 29 Haussmann. This new offering benefits from SG 29 Haussmann’s allocation expertise and provides access to recognised SRI investment strategies through its teams, as well as through major asset management companies such as Mirova (Natixis Investment Managers), DNCA Finance, La Financière de l’Échiquier, Amundi and BlackRock[®].

“By offering our clients the opportunity to contribute to a more virtuous and sustainable economy, this new SRI-labelled mandate management - a pioneer in France - is fully aligned with our strategy of being a positive-impact private bank and completes one of the most innovative and comprehensive responsible investment packages on the market,” added Mathieu Vedrenne, Head of Societe Generale Private Banking France.

2.4.4 BNP PARIBAS, CRÉDIT MUTUEL AND SOCIETE GENERALE ARE STUDYING A PLAN TO POOL THEIR ATMS TO INCREASE ACCESSIBILITY FOR THEIR CLIENTS

BNP Paribas, Crédit Mutuel⁽¹⁾ and Societe Generale⁽²⁾ are studying a plan to pool their network of ATMs in France in order to together guarantee, on a long-term basis, the best access to automated banking services and strengthen service offerings to their customers. This sharing would allow customers of the three banks to benefit from enhanced access to all the services they offer to their customers free of charge, on common ATMs, including cash deposit and withdrawal, cheque deposit, account consultation and RIB printing services.

The pooling plan comes amid rapid changes in the use of banking services, and where the use of cheques and cash is declining constantly. These trends, which accelerated with the health crisis⁽³⁾, has led to an explosion in the number of contactless payments (+53% in 2020) and a sharp drop in cash withdrawals (-23% in 2020)⁽⁴⁾. The pooling of ATMs could help ensure access to cash across France in the long term. Currently, 99% of France’s population must drive at least 15 minutes to reach an ATM machine⁽⁵⁾.

The study will pay particular attention to the establishment of ATMs in rural and isolated territories, thereby reaffirming the commitment by the three banks to be local and relational banks. Project analysis will continue until the end of the year amid consultation and dialogue with key stakeholders, i.e. employee representative bodies, local authorities, etc. The plan will be subject to the required approvals from the relevant regulatory bodies.

* The SRI-label was launched by the Ministry of Economy and Finance in August 2016. It is the result of a strict labelling process conducted by two independent bodies (Afnor Certification and EY France). The label aims to provide investors with better visibility on SRI products, while guaranteeing that their management is based on sound methodologies with a strong transparency requirement and quality information. For more information on the SRI label, visit <http://www.lelabelisr.fr>.

** SG 29 Haussmann is a management company, a subsidiary of the Societe Generale group, and is approved by the French financial markets authority (Autorité des marchés financiers) in 2007.

(1) Banking networks of Crédit Mutuel Alliance Fédérale (local banks in the following federations: Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Massif Central, Antilles-Guyane and the CIC banking network), Crédit Mutuel Nord Europe, Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan

(2) Societe Generale network and banks of the Crédit du Nord group.

(3) Ifop study February 2021.

(4) Bankcard (“CB”) economic interest group activity report 2020 vs. 2019.

(5) Banque de France (France’s central bank).

2.4.5 SOCIETE GENERALE ASSURANCES LAUNCHES “MATLA”, AN INDIVIDUAL RETIREMENT SAVINGS PLAN FROM ORADEA VIE FOR BOURSORAMA BANQUE’S CLIENTS

Oradea Vie, a Societe Generale Assurances’ life insurance company dedicated to partnerships, offers an accessible, modular and 100% digital individual retirement savings plan (PERin) exclusively for Boursorama Banque customers.

Oradea Vie furnishes its expertise to Boursorama Banque customers by offering them a new innovative product aligned with the Pacte Law to assist them with their retirement plan.

MATLA offers “retirement horizon management”, a management style adapted to all investor profiles. Through three profiles, clients can delegate their allocation choices to experts to take advantage of financial market opportunities by accessing a selection of 100% SRI products (the Socially Responsible Investment certification was created by the Ministry of Economy and Finance). These profiles benefit from an annual reallocation between investments depending on the economic outlook and the financial environment to ensure that saving management evolves.

When choosing retirement horizon management, clients also benefit from progressive investment security as they approach retirement, gaining from all the advantages of life insurance.

MATLA includes the following differentiating factors:

- appreciable accessibility: from EUR 150 for free payments and EUR 50 for scheduled payments;
- retirement horizon steering management entrusted to Oradea Vie, which benefits from allocation advisory and the expertise of asset manager BlackRock®;
- a 100% digital subscription process;
- a range of 100% SRI BlackRock® iShares ETFs*;
- gradual securing of savings: as retirement approaches, risk exposure is gradually reduced to secure clients’ savings;
- full free transparency.

Philippe Perret, Chief Executive Officer of Societe Generale Assurances stated: “MATLA represents a new key step in our partnership with Boursorama and a real innovation in the insurance market in France. This digital retirement savings plan developed by Oradea Vie illustrates the ability of Societe Generale Assurances to develop innovative offers which respond to changing customer habits by offering an exceptional customer experience.”

Note that unit-linked products present a risk of capital loss.

2.4.6 ALD AUTOMOTIVE LAUNCHES LEASING OPTIONS FOR TESLAS IN EUROPE

ALD Automotive, the leading vehicle leasing company in Europe, has launched operational leasing services for corporates and small- to medium-sized companies on Tesla’s electric vehicles in 16 countries** across Europe.

ALD Automotive is Tesla’s preferred operational leasing partner in Europe and clients may now benefit from ALD Automotive’s full-service leasing packages for Model 3, Model Y, Model S and Model X passenger cars. All models benefit from tyre change, breakdown assistance, insurance and vehicle registration, as well as maintenance provided through Tesla’s locations throughout Europe, as well as mobile service. Vehicles are available with flexible durations and mileage and can be customized directly on Tesla’s website. The lease is managed by ALD Automotive for the duration of the contract.

Private individuals also have access to full-service leasing services on Tesla’s full range of passenger car models in France, Finland, Ireland, the Netherlands and Denmark.

“We are proud to launch this new accessible and flexible leasing offering on Tesla’s range of electric vehicles to customers across Europe,” confirmed John Saffrett, Deputy Chief Executive Officer of ALD. “This contributes to our sustainable growth strategy as a key player in the energy transition, as well as fully supports our commitment to providing innovative mobility solutions.”

* ETF: Exchange-Traded Funds are financial products that enable efficient and transparent investments in all listed asset classes. Each ETF aims to replicate the performance (positive or negative) of its benchmark index.

** Countries: Austria, Belgium, Denmark, Ireland, Italy, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

2.5 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

<i>(In EURbn)</i>	31.12.2021	31.12.2020
Cash, due from central banks	180.0	168.1
Financial assets at fair value through profit or loss	342.7	429.5
Hedging derivatives	13.2	20.7
Financial assets at fair value through other comprehensive income	43.5	52.1
Securities at amortised cost	19.4	15.6
Due from banks at amortised cost	56.0	53.4
Customer loans at amortised cost	497.2	448.8
Revaluation differences on portfolios hedged against interest rate risk	0.1	0.4
Investments of insurance companies	178.9	166.9
Tax assets	4.8	5.0
Other assets	92.9	67.3
Non-current assets held for sale	0.0	0
Investments accounted for using the equity method	0.1	0.1
Tangible and intangible fixed assets	32.0	30.1
Goodwill	3.7	4.0
TOTAL	1,464.5	1,462.0

LIABILITIES

<i>(In EURbn)</i>	31.12.2021	31.12.2020
Due to central banks	5.2	1.5
Financial liabilities at fair value through profit or loss	307.6	390.2
Hedging derivatives	10.4	12.5
Due to banks	135.3	135.6
Customer deposits	139.2	456.1
Debt securities issues	509.1	139.0
Revaluation differences on portfolios hedged against interest rate risk	2.8	7.7
Tax liabilities	1.6	1.2
Other liabilities	106.3	84.9
Non-current liabilities held for sale	0.0	-
Insurance contract related liabilities	155.3	146.1
Provisions	4.8	4.8
Subordinated debt	16.0	15.4
Shareholder's equity	65.1	61.7
Non-controlling interests	5.8	5.3
TOTAL	1,464.5	1,462.0

2.5.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The main changes to the consolidation scope at 31 December 2021 compared with the scope applicable at the closing date of 31 December 2020 are as follows:

- Transfer of the asset management activities performed by Lyxor.

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

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

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

2.5.2 CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash, due from central banks increased by EUR 11.9 billion (+7.1%) compared to 31 December 2020, mainly resulting from the business recovery.

Due to central banks increased by EUR 3.7 billion (+246.7%) compared to 31 December 2020 mainly as a result of the growth in overnight deposits and borrowings.

Financial assets at fair value through profit or loss decreased by EUR 69.2 billion (-16.8%) compared to 31 December 2020. This change is the result of a EUR 37.9 billion decrease in repurchase agreements, a EUR 33.6 billion decrease in trading derivatives, a EUR 7.8 billion decrease in bonds and other debt securities, a EUR 3.6 billion decrease in loans, receivables and other trading assets, and a EUR 2.3 billion decrease in financial assets compulsorily measured at fair value through profit or loss, offset by a EUR 16 billion increase in shares and other equity instruments.

Financial liabilities as fair value through profit or loss decreased by EUR 65.1 billion (-17.5%) compared to 31 December 2020. This change is mainly due to a EUR 36 billion decrease in borrowings and repurchase agreements, a EUR 35 billion decrease in trading derivatives, a EUR 5.9 billion decrease in financial instruments at fair value through profit or loss on options, partially offset by a EUR 13.7 billion increase in debts on borrowed securities.

Financial assets at fair value through other comprehensive income decreased by EUR 8.6 billion (-16.8%) compared to 31 December 2020, due to a decrease in debt securities (of which EUR -5.3 billion related to public bills and EUR -3.3 billion related to bonds).

Customer loans at amortised cost increased by EUR 48.4 billion (+10.8%) compared to 31 December 2020, mainly explained by a EUR 36.6 billion increase in customer loans (of which EUR 11 billion in cash loans, EUR 9.6 billion in housing loans and EUR 8.3 billion in loans to financial customers) and a EUR 10.6 billion increase in ordinary accounts receivable.

Customer deposits increased by EUR 53 billion (+11.6%) compared to 31 December 2020, due to a EUR 39.5 billion increase in customer sight

deposits, a EUR 8.9 billion increase in special savings accounts and a EUR 3.5 billion increase in customer term deposits.

Investments of insurance companies increased by EUR 12 billion (+7.2%) compared to 31 December 2020, due to a EUR 13.9 billion increase in financial assets measured at fair value through profit or loss.

Insurance contracts related liabilities increased by EUR 9.2 billion (+6.3%) compared to 31 December 2020, due to an increase in insurance companies' technical provisions in line with the market conditions.

Other assets increased by EUR 25.6 billion (+38%) compared to 31 December 2020, mainly due to an increase in guarantee deposits paid.

Other liabilities increased by EUR 21.4 billion (+25.2%) compared to 31 December 2020. This change is explained by a EUR 16.9 billion increase in guarantee deposits received, a EUR 1.2 billion increase in securities settlement accounts payable and a EUR 2.3 billion increase in other sundry creditors.

Groupe shareholders' equity amounted to EUR 65.1 billion at 31 December 2021 vs. EUR 61.7 billion at 31 December 2020. The variation is primarily attributable to the following factors:

- net income Group share for the financial year at 31 December 2021 of EUR 5.6 billion;
- issuance and redemption of equity instruments: EUR -1.7 billion;
- remuneration of equity instruments: EUR -0.6 billion;
- treasury stock: EUR -0.5 billion;
- distribution of dividends: EUR -0.5 billion;
- unrealised or deferred capital gains and losses: EUR +1.1 billion.

After taking into account the non-controlling interest (EUR 5.8 billion), the Group shareholders' equity totalled EUR 70.9 billion at 31 December 2021.

2.6 FINANCIAL POLICY

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

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

2.6.1 GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 65.1 billion at 31 December 2021. Net asset value per share was EUR 68.72 and net tangible asset value per share was EUR 61.08 using the new methodology disclosed in Chapter 2 of this Universal Registration Document, on page 46. Book capital includes EUR 8.0 billion in deeply subordinated notes.

At 31 December 2021, Societe Generale held, directly or indirectly, 22.2 million Societe Generale shares, representing 2.61% of the capital (excluding shares held for trading purposes). In 2021, no

transaction was executed on purchases and sales under the liquidity contract concluded on 22 August 2011 with an external investment services provider.

The information concerning the Group's capital and shareholding structure is available in Chapter 7, on page 617 and following.

2.6.2 SOLVENCY RATIOS

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

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

The phased-in Common Equity Tier 1 (CET1) ratio stood at 13.7%⁽¹⁾ at 31 December 2021, compared to 13.4% at 31 December 2020.

The leverage ratio, calculated according to the CRR2 rules in force since June 2021, stood at 4.9% at 31 December 2021.

At end-2021, the Tier 1 ratio was 15.9%⁽²⁾ and the Total Capital Ratio stood at 18.8%⁽²⁾, i.e. above the regulatory requirements.

The TLAC (Total Loss-Absorbing Capacity) ratio of RWA was 31.1%⁽²⁾ with the option of Senior Preferred Debt limited to 2.5% of RWA. Furthermore, the TLAC of the leverage ratio stood at 9.5% at end-2021. The Group also placed above its MREL requirements at 31 December 2021.

⁽¹⁾ Including a +16 basis-point impact in respect of the phase-in of IFRS 9. Excluding this impact, the CET1 ratio was 13.6%.

⁽²⁾ Phased-in ratio.

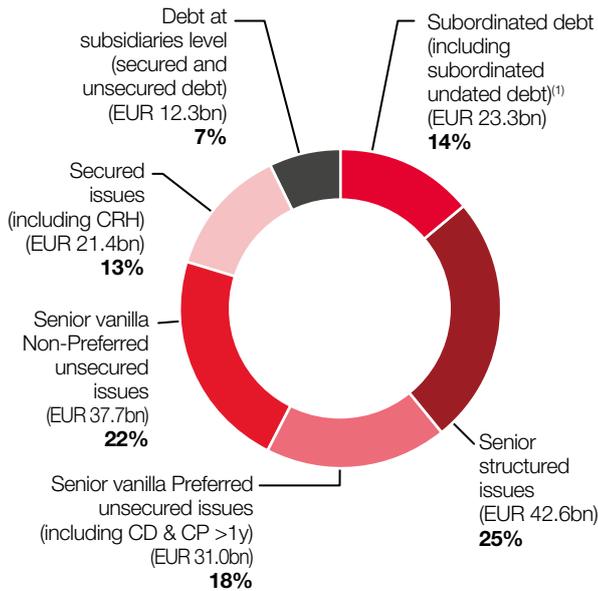
2.6.3 GROUP DEBT POLICY

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

- maintaining an active policy of diversifying Societe Generale Group's sources of refinancing to guarantee its stability; and

- adopting a Group refinancing structure to ensure consistency in the maturities of its assets and liabilities.

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



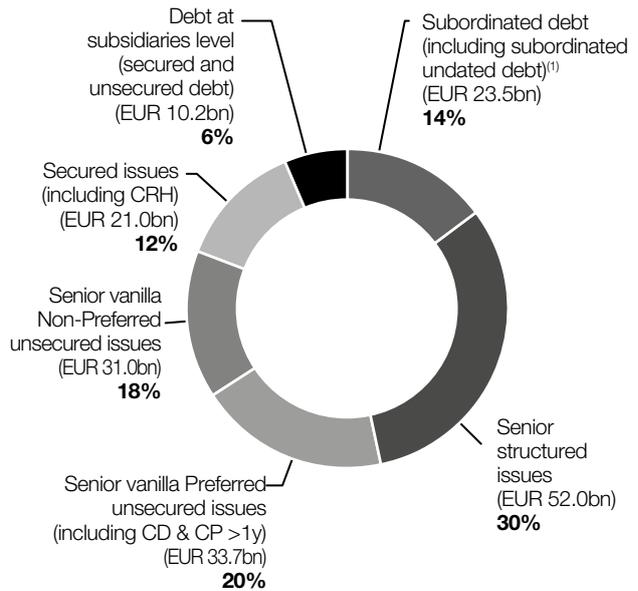
* Group short-term debt totalled EUR 43.5 billion at 31 December 2021, of which EUR 12.1 billion issued by conduits.

(1) Of which EUR 7.5 billion accounted for as "Other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

These resources also include:

- funding via securities lending and borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 130.6 billion at 31 December 2021, compared with EUR 152.9 billion at 31 December 2020 (see Note 3.1 to the consolidated financial statements), which are not included in this graph. Societe Generale Group's debt policy is designed not only to ensure financing for the growth of the businesses' commercial

GROUP LONG-TERM DEBT AT 31 DECEMBER 2020: EUR 171.3 BN*



* Group short-term debt totalled EUR 51.4 billion at 31 December 2020, of which EUR 10.1 billion issued by conduits.

(1) Of which EUR 9.3 billion accounted for as "Other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

activities and renew debt, but also to maintain repayment schedules that are compatible with the Group's ability to access the market and ensure its future growth;

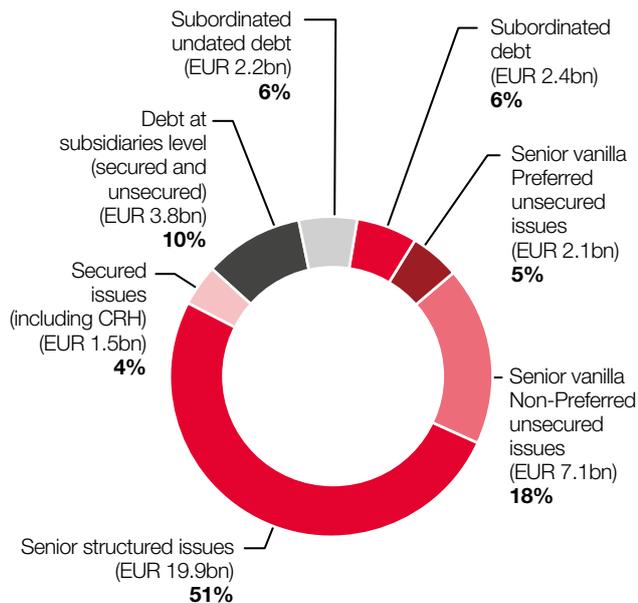
- securitisations and other securitised issues (EUR 10.5 billion at end-2021 vs. EUR 3.1 billion at end-2020).

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

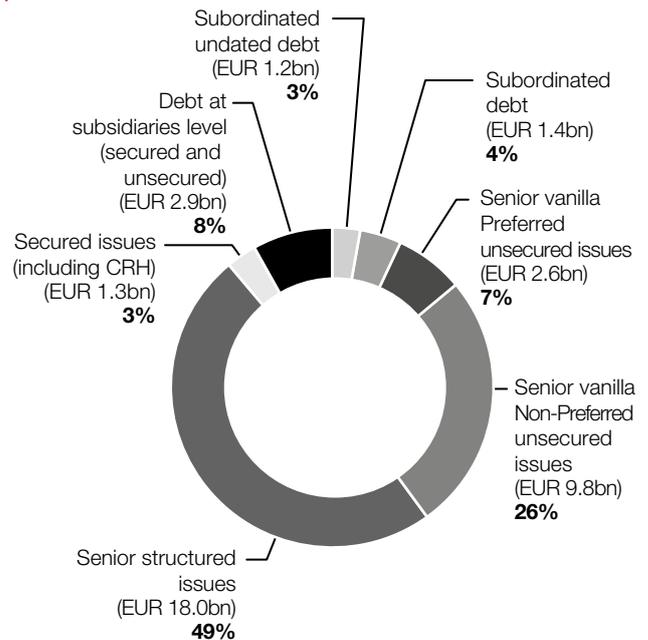
At end-2021, liquidity raised under the 2021 financing programme amounted to EUR 39.1 billion in senior and subordinated debt. Liquidity raised at parent company level amounted to EUR 35.3 billion

at 31 December 2021. The breakdown of refinancing sources is as follows: EUR 7.1 billion in senior vanilla non-preferred unsecured issues, EUR 2.1 billion in senior vanilla preferred unsecured issues, EUR 19.9 billion in senior structured issues, EUR 1.5 billion in secured issues (SG SFH), EUR 2.4 billion in subordinated Tier 2 debt and EUR 2.2 billion in subordinated undated debt. At subsidiary level, a total of EUR 3.8 billion was raised at 31 December 2021.

2021 FINANCING PROGRAMME: EUR 39.1 BN



2020 FINANCING PROGRAMME: EUR 37.2 BN



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

Below is a summary of Societe Generale's counterparty ratings and senior long-term and short-term ratings at 31 December 2021:

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

During the 2021 financial year, on 24 June, Standard & Poor's revised the outlook on the Group's long-term rating to stable from negative and affirmed the ratings at A/A-1. As a result of the rating action, the outlook of SG core subsidiaries changed to "stable".

2.7 MAJOR INVESTMENTS AND DISPOSALS

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

Business division	Description of investments
2021	
International Retail Banking and Financial Services	Acquisition of Fleetpool, a leading German car subscription company.
International Retail Banking and Financial Services	Acquisition of Banco Sabadell's subsidiary (Bansabadell Renting) specialised in long-term renting and the signing of an exclusive white label distribution agreement with Banco Sabadell.
International Retail Banking and Financial Services	Acquisition by ALD of a 17% stake in Skipr, a start-up specialised in mobility as a service.
2020	
International Retail Banking and Financial Services	Acquisition of Reezocar, a French platform specialised in the online sale of used cars to individuals.
French Retail Banking	Acquisition of Shine, the neobank specialised in the professional and SME segments.
International Retail Banking and Financial Services	Acquisition of Socalfi, entity specialised in consumer credit in New Calendonía.
French Retail Banking	Acquisition by Franfinance of ITL, the equipment leasing company specialised in the environmental, manufacturing and healthcare sectors.
2019	
International Retail Banking and Financial Services	Acquisition of Sternlease by ALD (fleet leasing in the Netherlands).
Global Banking and Investor Solutions	Acquisition of Equity Capital Markets and Commodities activities from Commerzbank.
French Retail Banking	Acquisition of Treezor, pioneering Bank-As-A-Service platform in France.

Business division	Description of disposals
2021	
Global Banking and Investor Solutions	Disposal of Lyxor, a European asset management specialist
2020	
International Retail Banking and Financial Services	Disposal of SG Finans AS, an equipment finance and factoring company in Norway, Sweden and Denmark.
International Retail Banking and Financial Services	Disposal of Société Générale de Banque aux Antilles.
International Retail Banking and Financial Services	Disposal by ALD of its entire stake in ALD Fortune (50%) in China.
Global Banking and Investor Solutions	Disposal of the custody, depository and clearing activities in South Africa.
2019	
International Retail Banking and Financial Services	Disposal of SKB Banka in Slovenia.
International Retail Banking and Financial Services	Disposal of Pema GmbH, a truck and trailer rental company in Germany.
International Retail Banking and Financial Services	Disposal of its majority stake in Ohridska Banka SG in Macedonia.
International Retail Banking and Financial Services	Disposal of SG Srbija in Serbia.
International Retail Banking and Financial Services	Disposal of SG Montenegro.
International Retail Banking and Financial Services	Disposal of Mobiasbanka in Moldova.
International Retail Banking and Financial Services	Disposal of Inora Life en Ireland.
International Retail Banking and Financial Services	Disposal of Eurobank in Poland.
Global Banking and Investor Solutions	Disposal of SG Private Banking in Belgium.
French Retail Banking	Disposal of SelfTrade Bank S.A.U. in Spain.
French Retail Banking	Disposal of the entire stake in La Banque Postale Financement (35%).
International Retail Banking and Financial Services	Disposal of SG Express Bank in Bulgaria.
International Retail Banking and Financial Services	Disposal of SG Albania.

2.8 PENDING ACQUISITIONS AND MAJOR CONTRACTS

2.8.1 FINANCING OF THE MAIN ONGOING INVESTMENTS

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

2.8.2 PENDING ACQUISITIONS AND DISPOSALS

On 6 January 2022, the Group announced the signing by Societe Generale and ALD of two Memorandums of Understanding under which ALD would acquire 100% of LeasePlan. The proposed transaction is expected to close by the end of 2022.

On 1 February 2022, Societe Generale announced that Boursorama had signed a Memorandum of Understanding (MOU) with ING to offer ING's online banking customers in France the best alternative banking solution, with a dedicated customer journey and support conditions. A final agreement should be concluded by April 2022.

2.9 PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 45.7 billion at 31 December 2021. The figure comprises land and buildings (EUR 5.4 billion), the right of use (EUR 3.2 billion), assets leased by specialised financing companies (EUR 31.1 billion) and other tangible assets (EUR 6 billion).

The net book value of tangible operating assets and investment property amounted to EUR 29.2 billion, representing only 2% of the consolidated balance sheet at 31 December 2021.

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

2.10 POST-CLOSING EVENTS

On 6 January 2022, the Group announced the signing by Societe Generale and ALD of two Memorandums of Understanding under which ALD would acquire 100% of LeasePlan from a consortium led by TDR Capital. The proposed transaction is expected to close by the end of 2022.

On 1 February 2022, Societe Generale announced that Boursorama had signed a Memorandum of Understanding (MOU) with ING to offer ING's online banking customers in France the best alternative banking solution, with a dedicated customer journey and support conditions. The two parties intend to reach a final agreement by April 2022.

On 3 March 2022, Societe Generale issued an update on the Group's situation in Ukraine and Russia. Societe Generale continues a detailed monitoring of the situation in Russia and Ukraine and is supporting its clients and all its employees to the highest degree possible.

Societe Generale is also rigorously complying with all applicable laws and regulations and is diligently implementing the measures necessary to strictly enforce international sanctions as soon as they are made public.

At the time of writing, the Group states that:

- its exposure⁽¹⁾ to Russia is limited at 1.7% of the Group's total exposure, i.e. EUR 18.6 billion at 31 December 2021, of which EUR 15.4 billion (i.e. 83%) are accounted for at its subsidiary Rosbank;
- in 2021, activities located in Russia generated 2.8% of Group net banking income and 2.7% of Group net earning⁽²⁾;
- the Group is extremely prudent and selective in the conduct of its activities in Russia and its priorities are focused to reduce its risks and preserve its subsidiary's liquidity, while maintaining diversified deposit inflows;
- with a CET1 ratio of 13.7% at 31 December 2021, i.e. a buffer of around 470 basis points above the regulatory capital requirement, the Group has more than enough buffer to absorb the consequences of a potential extreme scenario, in which the Group would be stripped of property rights to its banking assets in Russia, with a capital impact estimated at around -50 basis points of the CET1 ratio and no effect on the payment of the dividend for the year 2021.

(1) "Exposure at default" on- and off-balance sheet on Russian counterparties, Russian subsidiaries or counterparties whose assets are mainly located in Russia, excluding counterparty risk on market operations whose current amount is limited.

(2) Reported Group Net Income.

The Group is following with the utmost attention the development of the situation in Ukraine and Russia, and it is committed to supporting its clients and all its employees. Societe Generale complies rigorously with legislation in force and diligently applies all necessary measures to strictly observe international sanctions as soon as they become public.

At Group level, the exposure to Russia⁽¹⁾ represents 1.7% of total exposure, i.e. EUR 18.6 billion at 31 December 2021 based on exchange rates at that date. The amount breaks down as: EUR 15.4 billion of exposure recognised in SG Russia⁽²⁾ (“onshore exposures”) and EUR 3.2 billion recognised outside Russia (“offshore exposures”), of which EUR 2.6 billion on the balance sheet.

Group activities situated in Russia (SG Russia⁽²⁾) represent 2.8% of Group net banking income in 2021 and 2.7% of Group net income⁽³⁾. They chiefly involve our banking subsidiary Rosbank, which is 99.97%-owned by the Group. Rosbank has a solid capital position, with a CET1 ratio of 10.74%, i.e. 274 basis points above the local regulatory requirement, and functions independently in terms of liquidity, with a loan-deposit ratio around 80% at 31 December 2021. These exposures are largely denominated in local currency, i.e. up to 99.7% on retail and 68% on corporate.

The exposures break down as follows:

- retail outstandings account for approximately 41% of SG Russia’s⁽²⁾ total exposure. They are 70%- secured (mortgage and auto loans), the remaining 30% of which mainly comprises loans to employees of Rosbank’s corporate clients, for whom the Bank processes their salaries;
- corporate exposure represents around 31% of the total and principally involves large Corporates (80%);
- exposure to financial institutions totals EUR 0.5 billion;
- russian sovereign debt and that of assimilated entities stands at EUR 3.7 billion, including around EUR 1.2 billion in sovereign bonds.

Exposure to local counterparties subject to embargo is very low (EUR 0.2 billion⁽⁵⁾).

The Group is conducting its business in Russia with the utmost caution and selectivity, while supporting its historical clients. Its priorities are to reduce its risks and preserve the liquidity of its subsidiary by maintaining a diversified collection of deposits. The rouble clearing business is conducted entirely from Rosbank on behalf of the Group’s major clients.

With a CET1 ratio of 13.7% at 31 December 2021, i.e. a buffer of around 470 basis points above the regulatory requirement, the Group has more than enough buffer to absorb the consequences of a potential extreme scenario, in which the Group would be stripped of property rights to its banking assets in Russia. The capital impact has been estimated at around -50 basis points⁽⁴⁾ of the CET1 ratio, based on a Rosbank net book value equivalent to EUR 2.1 billion at 31 December 2021, EUR 0.5 billion in subordinated loans and including the cancellation of associated RWA. This would not affect the payment of the dividend for the year 2021.

Furthermore, the Group has minor exposure to Ukraine, representing less than EUR 80 million at 31 December 2021, mainly through its subsidiary ALD whose activity is concentrated on international corporate clients.

Offshore exposures to Russia⁽¹⁾, which mainly involve operations conducted by our financing activities in Global Banking and Investor Solutions, represent EUR 3.2 billion with top-tier counterparties in their sector of activity. They specifically concern the following sectors: EUR 2.2 billion for the metals and minerals sector, EUR 0.7 billion for the energy sector, EUR 0.2 billion for the transport and telecoms sector and EUR 0.1 billion for financial institutions.

Counterparties under embargo represent around EUR 0.7 billion in offshore net outstandings⁽⁵⁾. For the record, sanctions forbid new activities but do not prevent the settlement of operations or necessarily the repayment of facilities.

The Group also has around EUR 0.3 billion in net outstandings on private banking clients, the majority of which are mortgage and Lombard loans.

At this stage, the Group is not changing its cost of risk target and will update it, if necessary, at the time of its Q1 22 results publication.

2.11 STATEMENT ON POST-CLOSING EVENTS

Since the end of the last financial period, no significant change in the financial performance of the Group occurred other than those described in the present Universal Registration Document filed with the AMF on 9 March 2022.

(1) “Exposure at default” on- and off-balance sheet on Russian counterparties, Russian subsidiaries or counterparties whose assets are mainly located in Russia, excluding counterparty risk on market operations whose current amount is limited.

(2) SG Russia comprises Rosbank, Rosbank Insurance composed of SGS and SGSZh (81%-owned by Sogécop and 19%-owned by Rosbank), ALD automotive OOO Russia (100%-owned by ALD SA).

(3) Reported Group Net Income.

(4) Based on a EUR/RUB exchange rate of 120.

(5) Based on the lists of sanctions published at 27.02.2022.

2.12 INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AT 31 DECEMBER 2021

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

Societe Generale publishes below the information relative to staff and the financial information by countries or territories.

The list of locations is published in the Note 8.6 of the Notes to the consolidated financial statements.

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
South Africa	-	0	0	0	-	-	-
Algeria	1,593	163	69	(26)	5	(5)	-
Germany	2,781	1,161	516	(91)	(33)	(3)	-
Australia	56	43	6	(1)	(1)	(1)	-
Austria	83	18	8	(1)	(1)	(0)	-
Belarus	3	1	1	(0)	(0)	-	-
Belgium	307	97	44	(0)	(11)	(1)	-
Benin	148	21	9	0	(1)	(0)	-
Bermuda ⁽¹⁾	-	(5)	(5)	-	-	-	-
Brazil	340	86	45	(13)	2	(8)	-
Bulgaria	36	5	3	(0)	(0)	-	-
Burkina Faso	284	56	27	(6)	(2)	(3)	-
Cameroon	667	124	39	(10)	(1)	(4)	-
Canada	65	30	11	(2)	0	(2)	-
Chile	39	5	2	-	(2)	(0)	-
China	274	65	29	-	(1)	(0)	-
Colombia	31	3	2	(0)	0	(0)	-
Congo	141	25	8	(0)	(0)	(1)	-
South Korea	106	110	50	(16)	(2)	(2)	-
Cote d'Ivoire	1,044	269	119	(22)	1	(6)	-
Croatia	48	10	7	(2)	0	(0)	-
Curacao ⁽²⁾	-	0	0	0	-	-	-
Denmark	117	44	26	(15)	10	-	-
United Arab Emirates	52	13	3	-	-	(0)	-
Spain	679	301	182	(39)	(9)	(2)	-
Estonia	13	3	2	(0)	-	(0)	-
United States	2,016	1,703	796	(21)	(158)	(8)	-
Finland	116	53	38	(6)	(1)	-	-
France	54,653	12,428	1,925	(102)	(262)	(1,240)	-
Ghana	537	81	46	(18)	1	(0)	-
Gibraltar	36	11	(1)	-	(1)	(0)	-
Greece	46	6	3	(0)	(1)	(0)	-
Guinea	327	41	4	(2)	0	(0)	-
Equatorial Guinea	239	16	2	(1)	-	(0)	-
Hong Kong	1,079	692	311	(46)	(0)	(1)	-
Hungary	90	15	10	(2)	(0)	-	-
Isle of Man	-	-	-	-	-	-	-
Guernsey	56	30	2	-	-	-	-
Cayman Islands ⁽³⁾	-	-	-	-	-	-	-
India ⁽⁴⁾	9,640	78	82	(27)	1	(1)	-
Ireland	199	95	74	(9)	0	(0)	-
Italy	2,039	835	404	(88)	(8)	(3)	-
Japan	220	179	41	(5)	(6)	(6)	-
Jersey	202	42	2	(1)	0	(0)	-
Latvia	19	4	3	(0)	-	-	-
Lithuania	13	5	3	(0)	(0)	(0)	-
Luxembourg	1,342	691	372	(32)	25	(22)	-

INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AT 31 DECEMBER 2021

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
Madagascar	949	63	28	(6)	0	(2)	-
Malta	-	-	-	-	-	-	-
Morocco	3,917	500	137	(64)	2	(18)	-
Mauritius	-	-	(0)	-	-	-	-
Mexico	127	24	15	(5)	(1)	-	-
Monaco	314	111	24	(5)	(0)	(0)	-
Norway	69	17	6	-	2	-	-
New Caledonia	303	75	35	(14)	(2)	(0)	-
Netherlands	280	116	69	(26)	(2)	(0)	-
Peru	27	3	1	0	(1)	-	-
Poland	452	78	18	(1)	(6)	(1)	-
French Polynesia	255	49	26	(11)	(2)	(1)	-
Portugal	124	30	21	(5)	0	-	-
Czech Republic	7,797	1,269	647	(151)	28	(40)	-
Romania	8,700	645	338	(67)	(0)	(13)	-
United Kingdom	2,730	1,526	757	(193)	46	(1)	-
Russian Federation	12,555	795	303	(37)	(21)	(20)	-
Senegal	815	105	45	(10)	(2)	(2)	-
Serbia	29	9	7	(2)	0	(0)	-
Singapore	191	116	6	(7)	0	(0)	-
Slovakia	109	28	17	(4)	(1)	(0)	-
Slovenia	20	4	2	(0)	0	(0)	-
Sweden	170	77	44	(9)	0	(0)	-
Switzerland	547	238	59	(14)	(1)	(0)	-
Taiwan	44	39	16	(4)	0	(2)	-
Chad	215	27	5	(2)	(1)	(2)	-
Thailand	4	0	(1)	-	-	-	-
Togo	34	6	0	-	-	-	-
Tunisia	1,394	138	40	(23)	4	(5)	-
Turkey	95	46	40	(2)	(14)	(0)	-
Ukraine	47	10	8	(2)	(0)	-	-
TOTAL	124,089	25,798	8,035	(1,272)	(425)	(1,431)	-

* **Staff:** Full-time equivalent (FTE) as at closing date. Staff members of entities accounted for by the equity method and entities removed during the year are excluded.

NBI: Net banking income by territorial contribution to the consolidated statement, in EUR millions, before elimination of intragroup reciprocal transactions. Net income from companies accounted for by the equity method is directly recorded in the earnings before tax, there is no contribution from them.

Earning before tax: Earning before tax by territorial contribution to the consolidation statement, in EUR millions, before elimination of intra-group reciprocal transactions.

Corporate taxes: Such as presented in the consolidated statement in accordance with the IFRS standards and by distinguishing the current taxes of the deferred taxes, in EUR millions.

Other taxes: Other taxes include among others payroll taxes, the C3S, the contribution to the SRF, CET taxes and local taxes. The data arise from the consolidated reporting and from management report, in EUR millions.

Public subsidies received: Non-matching or non-refundable subsidies granted by a public entity on a one-off or renewable basis to complete a clearly defined project.

(1) Income from the entity located in Bermuda is taxed in France.

(2) Entity located in Curacao is in run-off.

(3) Income from entity located in Cayman Islands is taxed in the United States.

(4) Most of the staff located in India is assigned to a shared services center, the re-invoicing income of which is recorded in general and administrative expenses and not in NBI.



TABLE 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED

Information on subscription or purchase options.

The last option plan expired in 2017.

TABLE 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES

Societe Generale did not implement any option plan during 2021.

The last option plan expired in 2017.

AUDITED | TABLE 10

Record of performance shares awarded

INFORMATION ON PERFORMANCE SHARES AWARDED

Date of General Meeting	19.05.2020	23.05.2018	23.05.2018	18.05.2016	18.05.2016	18.05.2016
Date of Board Meeting	11.03.2021	12.03.2020	13.03.2019	14.03.2018	15.03.2017	18.05.2016
Total number of shares awarded	3,495,064	2,545,414	2,834,045	1,677,279	1,796,759	2,478,926
<i>o.w. number awarded to corporate officers⁽¹⁾</i>	216,596	164,205	166,389	46,472	45,871	62,900
Frédéric OUDÉA	93,880	72,541	86,705	46,472	45,871	62,900
Philippe AYMERICH	61,117	46,035	37,889	2,815	2,857	3,626
Diony LEBOT	61,599	45,629	41,795	7,277	5,986	4,860
Total number of beneficiaries	6,452	4,652	5,747	6,016	6,710	6,495
Vesting date	see table below					
Holding period end date	see table below					
Performance conditions	yes	yes	yes	yes	yes	yes
Fair value (in EUR) ⁽²⁾	see table below					
Number of shares vested at 31.12.2021	989	744	449,752	1,335,110	1,480,174	2,174,068
Total number of cancelled or lapsed shares	90,739	150,165	247,223	201,913	206,624	252,372
Performance shares outstanding at year-end	3,403,336	2,394,505	2,137,070	140,256	109,961	52,486

(1) For the Chief Executive Officers, see also Tables 6 and 7 above.

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2016 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting				18.05.2016
Date of Board Meeting				18.05.2016
Total number of shares awarded				2,478,926
Vesting date	29.03.2018 (1 st instalment)	29.03.2019	31.03.2020 (1 st instalment)	31.03.2021
	29.03.2019 (2 nd instalment)		31.03.2022 (2 nd instalment)	
Holding period end date	30.09.2018	N/A	01.04.2021	02.10.2021
	30.09.2019		01.04.2023	
Fair value (in EUR) ⁽²⁾	30.18 (1 st instalment)	29.55	22.07 (1 st instalment)	32.76
	28.92 (2 nd instalment)		21.17 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2017 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting				18.05.2016
Date of Board Meeting				15.03.2017
Total number of shares awarded				1,796,759
Vesting date	29.03.2019 (1 st instalment)	31.03.2020	31.03.2021 (1 st instalment)	31.03.2022
	31.03.2020 (2 nd instalment)		31.03.2023 (2 nd instalment)	
Holding period end date	30.09.2019	N/A	01.04.2022	02.10.2022
	02.10.2020		01.04.2024	
Fair value (in EUR) ⁽²⁾	42.17 (1 st instalment)	41.05	27.22 (1 st instalment)	43.75
	40.33 (2 nd instalment)		26.34 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2018 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting				18.05.2016
Date of Board Meeting				14.03.2018
Total number of shares awarded				1,677,279
Vesting date	31.03.2020 (1 st instalment)	31.03.2021	31.03.2022 (1 st instalment)	31.03.2023
	31.03.2021 (2 nd instalment)		29.03.2024 (2 nd instalment)	
Holding period end date	01.10.2020	N/A	01.04.2023	01.10.2023
	01.10.2021		31.03.2025	
Fair value (in EUR) ⁽²⁾	40.39 (1 st instalment)	39.18	26.40 (1 st instalment)	39.17
	38.59 (2 nd instalment)		24.43 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2019 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting		23.05.2018			
Date of Board Meeting	13.03.2019				
Total number of shares awarded	2,834,045				
Vesting date	31.03.2021 (1 st instalment)	31.03.2022	31.03.2023 (1 st instalment)	31.03.2023 (1 st instalment)	
	31.03.2022 (2 nd instalment)		31.03.2025 (2 nd instalment)	29.03.2024 (2 nd instalment)	
Holding period end date	01.10.2021	N/A	01.04.2024	01.10.2023	
	01.10.2022		01.04.2026	01.10.2024	
Fair value (in EUR) ⁽²⁾	22.32 (1 st instalment)	21.4	8.53 (1 st instalment)	10.86 (1 st instalment)	
	20.93 (2 nd instalment)		9.45 (2 nd instalment)	11.35 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2020 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting		23.05.2018			
Date of Board Meeting	12.03.2020				
Total number of shares awarded	2,545,414				
Vesting date	31.03.2022 (1 st instalment)	31.03.2023	31.03.2024 (1 st instalment)	31.03.2024 (1 st instalment)	
	31.03.2023 (2 nd instalment)		31.03.2026 (2 nd instalment)	31.03.2025 (2 nd instalment)	
Holding period end date	01.10.2022	N/A	01.04.2025	01.10.2024	
	01.10.2023		01.04.2027	01.10.2025	
Fair value (in EUR) ⁽²⁾	11.62 (1 st instalment)	11.26	6.3 (1 st instalment)	9.2 (1 st instalment)	
	10.76 (2 nd instalment)		5.9 (2 nd instalment)	8.8 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

SUMMARY OF THE 2021 PERFORMANCE SHARE PLAN⁽¹⁾

Date of General Meeting		19.05.2020			
Date of Board Meeting	11.03.2021				
Total number of shares awarded	3,495,064				
Vesting date	31.03.2023	28.03.2024	31.03.2025	31.03.2025	
	(1 st instalment)		(1 st instalment)	(1 st instalment)	
Holding period end date	01.10.2023	N/A	01.04.2026	01.10.2025	
	01.10.2024		01.04.2028	01.10.2026	
Fair value (in EUR) ⁽²⁾	19.07 (1 st instalment)	18.74	14.6 (1 st instalment)	20.14 (1 st instalment)	
	18.07 (2 nd instalment)		13.3 (2 nd instalment)	19.36 (2 nd instalment)	

(1) Under the annual employee LTI plan and awards under the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including corporate officers).

(2) The performance shares are valued at their market value, taking into account a discount for non-transferability.

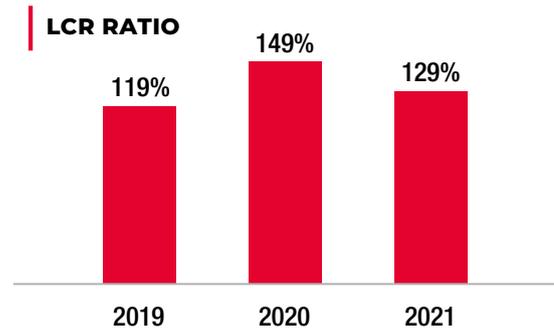
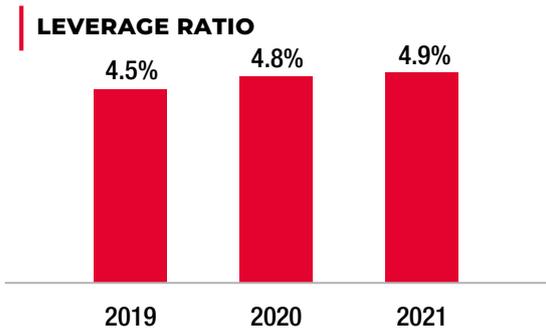
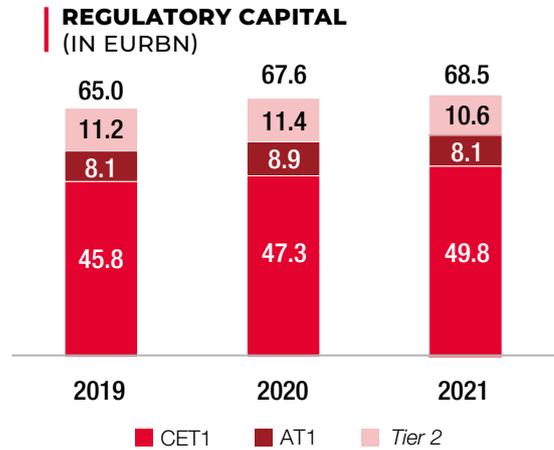
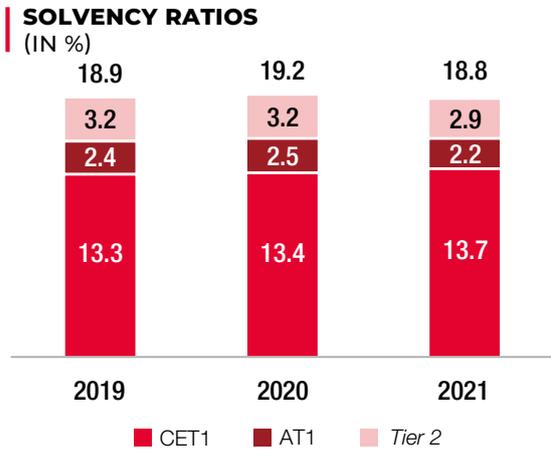
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RISK AND CAPITAL ADEQUACY

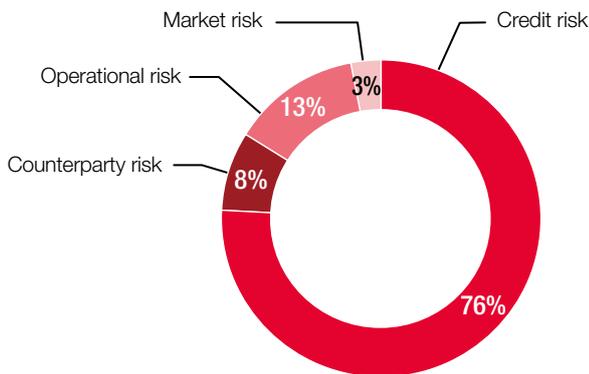
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KEY FIGURES

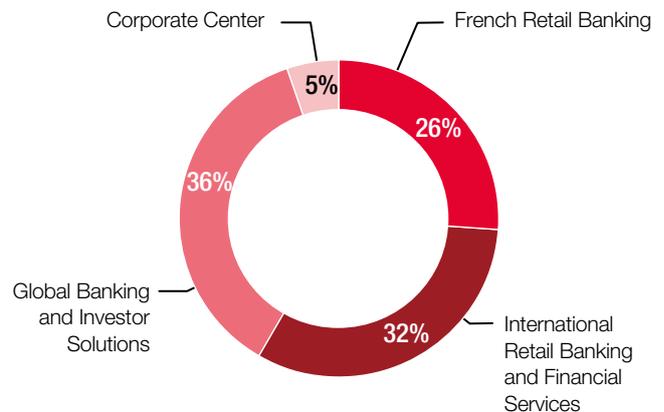
The solvency and leverage prudential ratios, as well as the amounts of regulatory capital and RWA featured here take into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.55% at end 2021, the phasing effect being +16 bps).



DISTRIBUTION OF RWA BY RISK TYPE
(TOTAL RWA AT END 2021: EUR 363BN VS EUR 352BN AT END 2020)



DISTRIBUTION OF RWA BY CORE BUSINESS
(TOTAL RWA AT END 2021: EUR 363BN VS EUR 352BN AT END 2020)



This chapter includes information on risk management related to financial instruments, and information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union.

Some of this information forms an integral part of the notes to the consolidated financial statements and is covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is indicated with the note “**Audited I**” (the symbol ▲ indicates the end of the audited part).

The Societe Generale Group is subject to oversight by supervisory authorities and to regulations on capital requirements applicable to credit institutions and investment firms (Regulation (EU) No. 575/2013 of 26 June 2013).

As part of the Third Pillar of the Basel Accord, a detailed and standardized statement is included in the “Risk Report for the purposes of improving published financial disclosures” (Pillar 3 Report and cross-reference table).

All information regarding the Pillar 3 Report and the prudential disclosures is available on the www.societegenerale.com website, under “Investors”, Universal Registration Document and Pillar 3.

TYPES OF RISKS

The Group’s risk management framework involves the following main categories:

- **credit risk:** risk of losses arising from the inability of the Group’s customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk linked to market transactions and securitisation activities and may be further amplified by individual, country and sector concentration risk;
- **counterparty credit risk:** Credit risk of a counterparty on a market transaction, combined with the risk of changes in exposure;
- **market risk:** risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equity, bonds), commodities, derivatives and other assets;
- **operational risk:** risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events. It includes:
 - **non-compliance risk:** risk of court-ordered, administrative or disciplinary sanctions, financial loss or reputational damage due to failure to comply with legal and regulatory requirements or professional/ethical standards and practices applicable to banking,
 - **reputational risk:** risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group’s ability to maintain or engage in business relationships and to sustain access to sources of financing,
 - **misconduct risk:** risk resulting from actions (or inactions) or behavior of the Bank or its employees inconsistent with the Group’s Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank’s sustainability or reputation at risk,
 - **IT and Information Systems Security risk** (cybercrime, IT systems failures, etc.);
- **structural risk:** risk of losses in interest margin or banking book value if interest rates, exchange rates, or credit spreads change. This risk is related to the Bank’s commercial and proprietary activities, it includes the distortion of the structural difference between assets and liabilities related to pension obligations, as well as the risk related to longer terms of future payments;
- **liquidity and funding risk:** liquidity risk is defined as the inability of the Group to meet its financial obligations: debt repayments, collateral supply, etc. Funding risk is defined as the risk that the Group will not be able to finance its business growth on a scale consistent with its commercial objectives and at a cost that is competitive compared to its competitors;
- **model risk:** Risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models;
- **risk related to insurance activities:** through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims;
- **strategic/business risk:** risks resulting from the Group’s inability to execute its strategy and to implement its business plan for reasons that are not attributable to the other risks in this list; for instance, the non-occurrence of the macroeconomic scenarios that were used to construct the business plan or sales performance that was below expectations;
- **private equity risk:** risk of reduction in the value of our equity ownership interests;
- **residual value risk:** through its specialized financing activities, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected);
- **settlement/delivery risk:** risk arising on market transactions in the case of transactions (commodities spot, OTC securities spot, Forex spot, OTC derivatives, Securities Financing Transactions, etc.) whose payment type is FoP (Free of Payment), inducing an asynchronous settlement/delivery of the flows to be paid and received.

In addition, **risks associated with climate change**, both physical (increase in the frequency of extreme climatic events) and transition-related (New Carbon Regulation), have been identified as factors that could aggravate the Group’s existing risks.

4.1 RISK FACTORS

This section identifies the main risk factors that the Group estimates could have a significant effect on its business, profitability, solvency or access to financing.

The risks inherent to the Group's business are presented below under six main categories, in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017:

- risks related to the macroeconomic, geopolitical, market and regulatory environments;
- credit and counterparty risks;
- market and structural risks;

- operational risks (including risk of inappropriate conduct) and model risks;
- liquidity and funding risks;
- risks related to insurance activities.

Risk factors are presented based on an evaluation of their materiality, with the most material risks indicated first within each category. The risk exposure or measurement figures included in the risk factors provide information on the Group's exposure level but are not necessarily representative of any future evolution of these risks.

4.1.1 RISKS RELATED TO THE MACROECONOMIC, GEOPOLITICAL, MARKET AND REGULATORY ENVIRONMENTS

4.1.1.1 The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 49% of its business in France (in terms of net banking income for the financial year ended 31 December 2021), 32% in Europe, 7% in the Americas and 12% in the rest of the world. The Group could face significant deteriorations in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus may not have been anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The economic environment remains very uncertain despite the good performance of industry and world trade. Although initially rapid, the economic recovery was severely disrupted in 2021 by the effect of, firstly, production delays due to occasional factory closures, absenteeism due to illness, and shortages of labor, components (especially electronic components) and electricity in certain regions, and secondly, delays in transport deliveries due to, among other things, congestion in ports. In addition, the Russian-Ukrainian conflict starting in the beginning of 2022 has generated historically high tensions with Western countries, with significant potential impacts on global growth and energy prices and a humanitarian impact. These disruptions could persist in 2022 and have a significant impact on the activity and profitability of certain Group counterparties in 2022.

Disruptions in global supply chains, accompanied by tensions in the labour market, and rising energy prices are also leading to higher inflation, particularly in the United States, where a massive fiscal stimulus package has provided a strong boost to demand. Europe and emerging countries are also facing inflationary pressures. The longer the pandemic lasts, the more persistent these disruptions will be, with

a potentially lasting impact on inflation, consumer purchasing power and ultimately on economic activity. The Russian-Ukrainian conflict is likely to accentuate some of these disruptions, particularly in Europe where, for example, natural gas prices have risen sharply and remain highly volatile.

The economic and financial environment remains exposed to intensifying geopolitical risks. Tensions between Russia and Western countries over the situation in Ukraine have increased significantly since mid-February 2022. The exceptional economic and financial sanctions put in place by a large number of countries, particularly in Europe and the United States, against Russia and Belarus could significantly affect operators with links to Russia, with a material impact on the Group's risks (credit and counterparty, market, reputation, compliance, legal, operational, etc.). Based on the sanctions published on 27 February 2022, the Group's local exposure to corporate and financial institution counterparties subject to sanctions is low at EUR 0.2 billion and counterparties under sanctions account for approximately EUR 0.7 billion of the Group's net off-shore exposure. Any new international sanction or Russian countermeasure could have an impact on the global economy and consequently on the Group's risks. The Group will continue to analyse in real time the developments in the global impact of this crisis and, together, will enforce the necessary measures to comply with legislation in force and protect the Group's franchise.

Uncertainty about the consequences of the situation in Ukraine makes it difficult to predict the impact on the global economy and the Group. Several scenarios remain conceivable for the Group. The estimated impact on the property rights on its banking assets in Russia would be of approximately -50 basis points of CET1 capital ratio based on Rosbank's net book assets equivalent to EUR 2.1 billion at 31 December 2021, with EUR 0.5 billion of subordinated debt and taking into account the cancellation of the associated weighted assets.

This crisis could also exacerbate the already visible increase in prices and availability of hydrocarbons, as well as the price of certain foodstuffs and metals. It could also generate strong volatility on the financial markets and a significant drop in the price of certain financial assets. In addition, the Russian government and certain Russian financial institutions could experience payment defaults, with consequences that are difficult to anticipate for the Group.

As of 31 December 2021, EAD exposures on Russia represented 1.7% of the Group's exposure to credit and counterparty risks, i.e. EUR 18.6 billion (of which EUR 15.4 billion on its subsidiary Rosbank) and EUR 3.2 billion of off-shore exposures, mainly consisting of transactions set up as part of the financing activities of the Corporate and Investment Banking division). In 2021, activities located in Russia represented 2.8% of the Group's net banking income and 2.7% of its net income. In addition, Société Générale has a minor exposure in Ukraine (less than EUR 80 million at 31 December 2021), mainly through its subsidiary ALD. See also section 2.10 "Post-closing events" of the 2022 Universal Registration Document.

Furthermore, the U.S.-China confrontation brings with it trade tensions and the risk of a technological fragmentation. In Africa, a series of political coups in the Sahel region has heightened awareness of the fragility of the institutional frameworks of countries exposed to terrorism.

Continued high geopolitical risks are an additional source of instability that could also weigh on economic activity and credit demand, while increasing volatility in financial markets. In the context of Brexit, the topic of non-equivalence of clearing houses (central counterparties, or CCPs) remains a point of vigilance, with possible impacts on financial stability, notably in Europe, and therefore on the Group's business.

Over the last decade, the financial markets have thus experienced significant disruptions resulting notably from concerns over the evolution of central bank interest rate policies, the trajectory of the sovereign debt of several Eurozone countries, Brexit, the persistence of commercial and political tensions (namely between the United States and China) or fears of a major slowdown of growth in China, fostered again recently by the financial difficulties of Chinese real estate development companies, the disruption of value and supply chains caused by the Covid-19 crisis or more recently by the tensions linked to the crisis in Ukraine. Given the magnitude of external financing needs, several emerging countries would face increasing difficulties if U.S. interest rates were to rise, and their financial conditions were to tighten.

The long period of low interest rates in the Eurozone and the United States, driven by accommodating monetary policies, has affected the Group's net interest margin for several years. Growth in the volume of loans made to non-financial companies, already high before the pandemic, significantly increased in 2020 with the implementation of government-guaranteed loan programmes (such as the *Prêts Garantis par l'Etat* programme in France). In 2021, this growth slowed with the repayment of a part of the credit lines drawn in 2020. Should an overly fragile economic recovery materialise, it may provoke a rise in the volume of non-performing loans and create a weak investment dynamic in a context where companies' balance sheets are already fragile. The environment of low interest rates tends to lead to an increased risk appetite of some participants in the banking and financial system, lower risk premiums compared to their historical average and high valuation levels of certain assets. These market conditions could change rapidly in the event of a more rapid increase in key interest rates by the major central banks, which could cause a marked correction in asset prices.

Furthermore, the environment of abundant liquidity that has been at the origin of the upturn in credit growth in the Eurozone and particularly in France, amplified by the implementation of the French government-guaranteed loan programme, could lead in the future to additional regulatory measures by supervisory authorities in order to limit the extension of credit or to further protect banks against a financial cycle downturn.

The Group's results are thus significantly exposed to economic, financial, political and geopolitical conditions in the principal markets in which it operates.

Furthermore, the situation related to the Covid-19 crisis is a further aggravating factor in the various risks faced by the Group. See also section 4.1.1.2 "*The coronavirus (Covid-19) pandemic and its economic consequences could adversely affect the Group's business and financial performance*".

At 31 December 2021, the Group's EAD to credit and counterparty risks were concentrated in Europe and the United States (together accounting for 90%), with a predominant exposure to France (46% of EAD). The other exposures concern Western Europe excluding France (accounting for 21%), North America (accounting for 14%), Eastern European members of the European Union (accounting for 7%) and Eastern Europe excluding the European Union (accounting for 2%).

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could have a material adverse effect on the Group's asset value and business, by decreasing demand for loans and resulting in higher rates of non-performing loans.

The Group also operates in emerging markets, such as Russia, or Africa and the Middle East (5% of the Group's credit exposure). A significant adverse change in the macroeconomic, health, political or financial environment in these markets could have a material adverse effect on the Group's business, results and financial position. These markets may be adversely affected by uncertainty factors and specific risks, such as a new increase in oil and natural gas prices, which would weigh on the financial position of importing countries as well as their growth and exchange rates. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates. A major source of uncertainty currently comes from the ongoing conflict in Ukraine and its humanitarian, economic and financial consequences. In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

4.1.1.2 The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business and financial performance.

In December 2019, a new strain of coronavirus (Covid-19) emerged in China. The virus has since spread to numerous countries around the world, with a high concentration of cases in certain countries where the Group operates. The World Health Organization declared the outbreak of a pandemic in March 2020. The Covid-19 pandemic and the health measures taken in response to it (border closures, lockdown measures, restrictions on certain economic activities, etc.) have had and may continue to have a significant impact, both direct and indirect, on the global economic situation and financial markets.

The deployment of vaccination programmes has reduced the risk of severe illness from Covid-19 infections among the vaccinated population and the need for strict lockdowns in the event of high virus circulation in countries where vaccines have been deployed on a large scale. The persistence of the pandemic and the emergence of new variants (such as the highly transmissible Omicron variant) have led, and may again lead, to new targeted restrictive measures or an increase in absenteeism and work stoppages, exacerbating the disruptions already present in global supply chains, and thus adversely affecting the Group's business, financial performance and results.

The impact of the crisis related to the Covid-19 will also have lasting consequences that remain difficult to be assessed, notably through the loss of human capital (loss of skills due to long periods of inactivity, lower quality of training, etc.) and increasing public and corporate debts.

The different restrictive measures had also led, especially in the beginning of the sanitary crisis, to a decline in the Group's commercial activity and results due to the reduced opening of its retail network and lower demand from its customers, despite a rapid adaptation. New phases of lockdown measures or curfews in the countries where the Group operates could again impact the Group's financial results.

In many jurisdictions in which the Group operates, national governments and central banks have taken or announced exceptional measures to support the economy and its actors (government-guaranteed loan facilities programmes, tax deferrals, facilitated recourses to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). While these support measures have been effective in addressing the immediate effects of the crisis, the mechanisms put in place may not be sufficient to sustain the recovery over the long term.

The various restrictive measures implemented since the beginning of the pandemic in several of the main countries where the Group operates (with Western Europe representing 67% of the Group's EAD (Exposure at Default) at 31 December 2021, of which 46% was in France) have had a significant impact on economic activity. The risk of new restrictive measures (especially in the event of new pandemic waves) as well as a slower-than-expected recovery of demand (particularly in certain economic sectors) could increase the economic difficulties resulting from the health crisis. This, combined with a high level of public and corporate indebtedness, may constitute a brake on economic growth and lead to significant adverse repercussions on the credit quality of the Group's counterparties (affected in particular by the gradual cessation of government support measures or by difficulties in extending these measures) and the level of non-performing loans for both businesses and individuals.

2020 was characterised by a significant increase in the cost of risk, mainly due to the provisioning for Stages 1 and 2 in anticipation of future defaults. In 2021, the net cost of risk was low in the absence of default, while the Group continued to maintain a provisioning policy for Stages 1 and 2 in the event that defaults begin to materialise. The Group's cost of risk could be affected in future years by its participation in the French government-guaranteed loan programmes (in respect of the unguaranteed residual exposure) on which the observed defaults remain to be quantified.

Within the Corporate portfolio, at 31 December 2021, the most impacted sectors were the automotive sector (0.9% of the Group's total exposure), hotels, catering and leisure (0.6% of the Group's total exposure), non-food retail distribution (the entirety of the retail distribution sector represents 1.6% of the Group's total exposure) and air transport (less than 0.5% of the Group's total exposure).

The Group's results and financial position were affected by unfavourable developments in global financial markets due to the Covid-19 crisis, especially in March and April 2020 (extreme volatility and dislocation of term structure, alternate sharp declines and rapid rebounds in the equity markets, widening of credit spreads, unprecedented declines in, or cancellation of, dividend distributions, etc.). These exceptional conditions particularly affected the management of structured equity-linked products. Since then, these activities have been thoroughly reconsidered to improve and reduce the risk profile. Although monetary and fiscal stimuli — as well as medical advances — have supported economies and financial markets, the Group remains attentive to the risk of correction that could occur in particular in the event of new epidemic waves.

For information purposes, risk-weighted assets (RWA) related to market risks were thus down 24% at the end of December 2021 compared to the situation at the end of December 2020, to EUR 11.6 billion. The Global Markets and Investor Services sector, which mainly concentrates the Group's market risks, represented a net banking income of EUR 5.6 billion, or 22% of the Group's total revenues in 2021.

Restrictive measures have led the Group to massively implement remote working arrangements, particularly for a significant part of its market activities. This organisation, which was deployed in immediate response to the crisis, increases the risk of operational incidents and the risk of cyber-attacks. Even though the Group has put in place adaptation and support measures, these risks remain higher in periods of widespread recourse to remote working. All employees remain subject to health risks at the individual level. Prolonged remote working also increases psychosocial risk, with potential impacts in terms of organisation and business continuity in the event of prolonged absences.

The unprecedented environment resulting from the Covid-19 crisis could alter the performance of the models used within the Group (particularly in terms of asset valuation and assessment of own funds requirements for credit risk), due in particular to calibration carried out over periods that are not comparable to the current crisis or to assumptions that are no longer valid, taking the models beyond their area of validity. The temporary decline in performance and the recalibration of these models could have an adverse impact on the Group's results.

The ECB recommendation to restrict dividend distribution and share buybacks for all banks placed under its direct supervision expired on 30 September 2021. As from this date, dividend distribution and share buybacks policies will be determined in accordance with the provisions of the applicable prudential regulation.

Uncertainty as to the duration and impact of the Covid-19 pandemic makes it difficult to predict its impact on the global economy. Consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and developments in the health, economic, financial and social context.

4.1.1.3 The Group's failure to achieve its strategic and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and the value of its financial instruments.

At the time of the publication of its annual results on 10 February 2022, the Group communicated new guidance on its operating expenses, cost of risk and solvency. The Group targets an underlying cost/income ratio (excluding the Single Resolution Fund - SRF) between 66% and 68% in 2022 and with further improvement thereafter. Over 2022, the Group's cost of risk should not exceed 30 basis points. In consideration of the situation in Ukraine, the Group communicated on 3 March 2022 that it was not changing its cost of risk target and that it would update it, if necessary, at the time of its Q1 2022 results publication. The Group manages its CET1 ratio with a margin of flexibility of between 200 and 250 basis points higher than regulatory requirements, defined as the Maximum Distributable Amount (MDA), including under Basel IV.

These expectations are based on a number of assumptions related to the macroeconomic, geopolitical and health context. The non-occurrence of these assumptions (including in the event of the occurrence of one or more of the risks described in this section) or the occurrence of unanticipated events could compromise the achievement of Group's strategic and financial objectives and negatively affect its activity, results and financial situation.

More precisely, the Group's "Vision 2025" project anticipates the merger between the Retail Banking network of Société Générale in France and Crédit du Nord. Although this project has been designed to enable a controlled deployment, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. System reconciliations could face delays, delaying part of the expected merger benefits. The project could lead to the departure of a number of employees, requiring replacements and efforts related to new employee training, thus potentially generating additional costs. The merger could also lead to the departure of a portion of the Group's customers, resulting in loss of revenue. The legal and regulatory aspects of the transaction could result in delays or additional costs. In October 2021, the Group presented the detailed Vision 2025 project, specifying that the timetable and ambitions remained aligned with the initial presentation of the project. In addition, the effective sale of Lyxor was finalised on 31 December 2021. The Group also announced the signature by Société Générale and ALD of two memoranda of understanding providing for the acquisition by ALD of 100% of LeasePlan, with a view to creating a global leader in sustainable mobility solutions. The Group also announced on 1 February 2022 that Boursorama had signed a memorandum of understanding with ING. Under this agreement, exclusive new customer offers and a simplified subscription process (depending on the product) are expected to be proposed to ING customers who wish to become Boursorama customers.

The Group may however face an execution risk on these strategic projects, which are to be carried out simultaneously. Any difficulty encountered during the process of integrating activities (particularly from a human resource standpoint) is likely to result in higher integration costs and lower-than-anticipated savings, synergies or benefits. Moreover, the process of integrating the acquired operational businesses into the Group could disrupt the operations of one or more of its subsidiaries and divert management's attention, which could have a negative impact on its business and results. These acquisitions may not materialise, in whole or in part, resulting in a reduced level of expected earnings.

Furthermore, the Group is committed to becoming a leading bank in the field of responsible finance through, among others:

- more than EUR 150 billion in financing granted to support the energy transition, above the 2019-2023 target of EUR 120 billion, two years ahead of schedule;
- strong targets for decarbonizing the Group's portfolios, including a planned total exit from thermal coal and a 10% reduction in the Group's overall exposure to the oil and gas extraction sector (upstream) by 2025;
- the signing as co-founder of the Principles for a Responsible Banking Sector, through which the Group undertakes to strategically align its business with the Sustainable Development Objectives set by the United Nations and the Paris Agreement on Climate Change;
- a key role as a founding member of the Net-Zero Banking Alliance initiative, with a commitment to align its portfolios on trajectories aimed at global carbon neutrality by 2050 in order to reach the objective of limiting global warming to 1.5°C.

These measures (and additional measures that may be taken in the future) could in some cases affect decrease the Group's results in the sectors concerned.

4.1.1.4 The Group is subject to an extended regulatory framework in each of the countries in which it operates and changes to this regulatory framework could have a negative effect on the Group's businesses, financial position and costs, as well as on the financial and economic environment in which it operates.

The Group is subject to the regulations of the jurisdictions in which it operates. French, European and U.S. regulations as well as other local regulations are concerned, given the cross-border activities of the Group, among other factors. The application of existing regulations and the implementation of future regulations requires significant resources that could affect the Group's performance. In addition, possible non-compliance with regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licences. By way of illustration, exposures to credit and counterparty risks (EAD) in France, the 27-member European Union (including France) and the United States represented 46%, 67% and 14%, respectively as of 31 December 2021.

Among the regulations that could have a significant influence on the Group:

- several regulatory changes are still likely to degrade the environment for market activities: (i) the possible strengthening of transparency constraints and investor protection measures (review of MiFID II / MiFIR, IDD, ELTIF (European Long-Term Investment Fund Regulation)), (ii) the implementation of the fundamental review of the trading book, or FRTB, which may significantly increase requirements applicable to European banks and (iii) despite the European Commission's decision of 8 February 2022 to extend the equivalence granted to UK central counterparties until 30 June 2025, possible relocations could be requested;
- in the United States, the implementation of the Dodd-Frank Act has been almost finalised. The new Securities and Exchange Commission (SEC) regulations related to security-based swap dealers have been applicable since 2021 and requires Société Générale's registration with the SEC as a Securities Based Swap Dealer and compliance with related regulations. Further, once the SEC has issued a final order on substituted compliance for France, a portion of the SEC's rules could be satisfied by demonstrating compliance with home country laws;
- European measures aimed at restoring banks' balance sheets, especially through active management of non-performing loans ("NPLs"), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. More generally, additional measures to define a framework of good practices for granting (e.g., loan origination orientations published by the European Banking Authority) and monitoring loans could also impact the Group;
- the strengthening of data quality and protection requirements and a potential strengthening of cyber-resilience requirements in relation to the publication on 24 September 2020 of the proposed European regulation on digital operational resilience for the financial sector;
- the implementation of the European sustainable finance regulatory framework, with an increase in non-financial reporting obligations, enhanced inclusion of environmental, social and governance issues in risk management activities and the potential inclusion of such risks in the supervisory review and assessment process (Supervisory Review and Evaluation Process, or SREP);
- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), as revised, gives the Single Resolution Board ("SRB") the power to initiate a resolution procedure towards a credit institution when the point of non-viability is considered reached. In this context, the SRB could, in order to limit the cost to the taxpayer, force some creditors and the shareholders of the Group to incur losses in priority. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of the remuneration of its debt

instruments, issue new debt instruments, or be subjected to a depreciation of its debt instruments or their conversion into equity securities. Furthermore, the Group's contribution to the annual financing of the Single Resolution Fund ("SRF") is significant and will grow steadily until 2023, with 2024 being the year of the full endowment of the fund. The contribution to the banking resolution mechanisms is described in Note 7.3.2 "Other provisions for risks and expenses" of the 2022 Universal Registration Document.

New legal and regulatory obligations could also be imposed on the Group in the future, such as:

- the ongoing implementation in France of consumer- and social-oriented measures affecting retail banking: limitation of banks' fees for individuals and extension of such measures to small and medium-sized businesses, and protection measures for vulnerable customers;
- the potential requirement at the European level to open more access to banking data (savings books, investments) to third-party service providers and/or to pool customer data;
- new obligations arising from a package of proposed measures announced by the European Commission on 20 July 2021 aiming to strengthen the European supervisory framework around the fight against money laundering and terrorist financing, as well as the creation of a new European agency to fight money laundering;
- new measures arising from changes to bankruptcy laws relating to the management of the health crisis caused by the Covid-19 pandemic, including those facilitating recourse to accelerated safeguard procedures;
- new requirements resulting from the EU banking regulation reform proposal presented on 27 October 2021 by the European Commission. The reform consists of several legislative instruments to amend the directive on capital requirements (European Parliament and EU Council, directive 2013/36/EU, 26 June 2013) as well as the regulation on capital requirements (CRR) (European Parliament and EU Council, regulation (EU) No. 575/2013, 26 June 2013).

The Group is also subject to complex tax rules in the countries where it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of certain evolutions or their effects may have a negative impact on the Group's business, financial position and costs.

Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group has undertaken to implement, through a dedicated programme and a specific organisation, corrective actions to address identified deficiencies and strengthen its compliance programme. In the event of a failure to comply with relevant US regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

4.1.1.5 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.

Due to its international activity, the Group faces intense competition in the international and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which would be detrimental to the profitability of the Group's activities.

Consolidation in the financial services industry could result in the competitors benefiting from greater capital, resources and an ability to offer a broader range of financial services. In France and in the other main markets where the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably neo-banks and online financial services providers), has increased competition for virtually all products and services offered by the Group. New market participants such as "fintechs" and new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors could be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.).

Moreover, competition is also enhanced by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, in particular with regard to the development of digital technologies and the establishment of commercial or equity partnerships with these new actors (such as Lumo, the platform offering green investments, or Shine, the neobank for professionals). In this context, additional investments may be necessary for the Group to be able to offer new innovative services and to be competitive with these new actors. This intensification of competition could, however, adversely affect the Group's business and results, both on the French market and internationally.

4.1.1.6 Environmental, social and governance (ESG) risks, in particular related to climate change, could have an impact on the Group's activities, results and financial situation in the short-, medium- and long-term.

Environmental, social and governance (ESG) risks are defined as risks stemming from the current or prospective impacts of ESG factors on counterparties or invested assets of financial institutions. ESG risks are seen as aggravating factors to the traditional categories of risks (credit and counterparty risk, market and structural risk, operational risk, reputational risk, compliance risk, liquidity and funding risk, risks related to insurance activities) and are likely to impact the Group's activities, results and financial position in the short-, medium- and long-term.

The Group is thus exposed to environmental risks, and in particular climate change risks through its financing, investment and service activities. Concerning climate risks, a distinction is made between (i) physical risk, with a direct impact on entities, people and property stemming from climate change and the multiplication of extreme weather events; and (ii) transition risk, which results from the process of transitioning to a low-carbon economy, such as regulatory or technological disruptions or changes in consumer preferences.

The Group could be exposed to physical risk resulting from a deterioration in the credit quality of its counterparties whose activity could be negatively impacted by extreme climatic events or long-term gradual changes in climate, and through a decrease in the value of collateral received (particularly in the context of real estate financing). The Group's insurance activities could also be impacted with exposure in regions and countries that are particularly vulnerable to climate change.

The Group may also be exposed to transition risk through its credit portfolio in a limited number of sensitive sectors that are subject to more stringent regulations or due to technological disruptions, and may be exposed to reputation risk in the event it does not comply with its commitments in favor of environmental transition or if these commitments are considered insufficient by its stakeholders.

Beyond the risks related to climate change, risks more generally related to environmental degradation (such as the risk of loss of biodiversity) are also aggravating factors to the Group's risks. The Group could notably be exposed to credit risk on a portion of its portfolio, linked to lower profitability of some of its counterparties due, for example, to a significant decline in revenues following changes in customer behavior or to increasing legal and operating costs (for instance due to the implementation of new environmental standards).

In addition, the Group is exposed to social risks, related for example to non-compliance by some of its counterparties with labor rights or workplace health and safety issues, which may trigger or aggravate non-compliance, reputational and credit risks for the Group.

Similarly, risks relating to governance of the Group's counterparties and stakeholders (suppliers, service providers, etc.), such as an inadequate management of environmental and social issues or non-compliance with corporate governance codes related to, among others, anti-money laundering issues, could generate credit and reputational risks for the Group.

Beyond the risks related to its counterparties or invested assets, the Group could also be exposed to risks related to its own activities. Therefore, the Group is exposed to physical climate risk with respect to its ability to maintain its services in geographical areas impacted by extreme events (floods, etc.).

The Group also remains exposed to specific social and governance risks, relating for example to compliance with labor laws, the management of its human resources and ethical issues, transparency or the composition (such as in terms of diversity) of its Board of Directors or staff.

All these risks could have an impact on the Group's business, results and reputation in the short, medium and long term.

4.1.1.7 The Group is subject to regulations relating to resolution procedures, which could have an adverse effect on its business and the value of its financial instruments.

The BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the Single Resolution Mechanism, or "SRM") define an European Union-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD provides the authorities with a set of tools to intervene early and quickly enough in an institution considered to be failing so as to ensure the continuity of the institution's essential financial and economic functions while reducing the impact of the failure of an institution on the economy and the financial system (including the exposure of taxpayers to the consequences of the failure). Under the SRM Regulation, a centralised resolution authority is established and entrusted to the SRB and national resolution authorities.

The powers granted to the resolution authority under the BRRD and the SRM Regulations include write-down/conversion powers to ensure that capital instruments and eligible liabilities absorb the Group's losses and recapitalize it in accordance with an established order of priority (the "bail-in tool"). Subject to certain exceptions, losses are borne first by the shareholders and then by the holders of additional Tier 1 and Tier 2 capital instruments, then by the non-preferred senior debt holders and finally by the senior preferred debt holders, all in the order of their claims in a normal insolvency proceeding. The conditions for resolution provided by the French Monetary and Financial Code implementing the BRRD are deemed to be met if: (i) the resolution authority or the competent supervisory authority determines that the institution is failing or likely to fail; (ii) there is no reasonable perspective that any measure other than a resolution measure could prevent the failure within a reasonable timeframe; and (iii) a resolution measure is necessary to achieve the resolutions' objectives (in particular, ensuring the continuity of critical functions, avoiding a significant negative effect on the financial system, protecting public funds by minimizing the recourse to extraordinary public financial support, and protecting customers' funds and assets) and the winding up of the institution under normal insolvency proceedings would not meet these objectives to the same extent.

The resolution authority could also, independently of a resolution measure or in combination with a resolution measure, proceed with the write-down or conversion of all or part of the Group's capital instruments (including subordinated debt instruments) into equity if it determines that the Group will no longer be viable unless it exercises this write-down or conversion power or if the Group requires extraordinary public financial support (except where the extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Monetary and Financial Code).

The bail-in tool could result in the write-down or conversion of capital instruments in whole or in part into ordinary shares or other ownership instruments.

In addition to the bail-in tool, the BRRD provides the resolution authority with broader powers to implement other resolution measures with respect to institutions that meet the resolution requirements, which may include (without limitation) the sale of the institution's business segments, the establishment of a bridge institution, the split of assets, the replacement or substitution of the institution as debtor of debt securities, changing the terms of the debt securities (including changing the maturity and/or amount of interest payable and/or the imposition of a temporary suspension of payments), the dismissal of management, the appointment of a provisional administrator and the suspension of the listing and admission to trading of financial instruments.

Before taking any resolution action, including the implementation of the bail-in tool, or exercising the power to write down or convert relevant capital instruments, the resolution authority must ensure that a fair, prudent and realistic valuation of the institution's assets and liabilities is made by a third party independent of any public authority.

The application of any measure under the French implementing provisions of the BRRD or any suggestion of such application to the Group could have a material adverse effect on the Group's ability to meet its obligations under its financial instrument and, as a result, holders of these securities could lose their entire investment.

In addition, if the Group's financial condition deteriorates, the existence of the bail-in tool or the exercise of write-down or conversion powers or any other resolution tool by the resolution authority (independently of or in combination with a resolution) if it determines that Société Générale or the Group will no longer be viable could result in a more rapid decline in the value of the Group's financial instruments than in the absence of such powers.

4.1.2 CREDIT AND COUNTERPARTY CREDIT RISKS

Risk weighted assets (RWA) in relation to credit and counterparty risks amounted to EUR 305 billion at 31 December 2021.

4.1.2.1 The Group is exposed to credit, counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its financing and market activities, the Group is exposed to credit and counterparty risk. The Group may therefore incur losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing the collateral allocated to its exposures or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence of these counterparties.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

For information, as of 31 December 2021, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 934 billion, with the following breakdown by type of counterparty: 30% on sovereigns, 30% on corporates, 23% on retail customers and 6% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled EUR 277 billion.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2021, the exposure value (EAD) was EUR 145 billion, mainly to corporates (42%) and credit institutions and similar entities (38%) and to a lesser extent to sovereign entities (17%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 25 billion.

At 31 December 2021, the main sectors to which the Group is exposed in its corporate portfolio included financial activities (accounting for 20.2% of exposure), real estate (9.7%), commercial services (9.6%), wholesale trade (8.0%), the transport, postal services and logistics sector (7.1%), collective services (7.0%) and the oil and gas sector (5.4%).

In terms of geographical concentration, the five main countries to which the Group is exposed as of 31 December 2021 were France (46% of the Group's total EAD, mainly related to retail customers and sovereigns), the United States (13% of EAD, mainly related to corporates and sovereigns), the Czech Republic (5% of the Group's total EAD, mainly related to retail clients, corporates and sovereigns), the United Kingdom (4% of EAD, mainly related to corporates and sovereigns) and Germany (4% of the Group's total EAD, mainly related to corporates and credit institutions). Furthermore, the financial situation of certain counterparties could be affected by the geopolitical tensions mentioned in section 4.1.1.1 "*The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations*".

For more detail on credit and counterparty risk, see sections 4.5.6 "*Quantitative information*" and 4.6.3 "*Counterparty credit risk measures*" of the 2022 Universal Registration Document.

4.1.2.2 The financial soundness and conduct of other financial institutions and market participants could have an adverse effect on the Group's business.

Financial institutions and other market players (commercial or investment banks, mutual funds, alternative funds, institutional clients, clearing houses, investment service providers, etc.) are important counterparties for the Group in capital or inter-bank markets. Financial services institutions and financial players are closely interrelated as a result of trading, clearing and funding relationships. In addition, there is a growing involvement in the financial markets of players with little or no regulation (hedge funds, for example). As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors could result in market-wide liquidity scarcity or chain defaults, which would have an adverse effect on the Group's activity. The situation in Ukraine and the consequences of international sanctions, among other things, and the evolution of the financial markets could also weaken, or even cause the default, of a certain number of financial players. In addition, certain financial players could experience operational or legal difficulties in the unwinding or settlement of certain financial transactions.

The Group is exposed to clearing institutions and their members because of the increase in transactions traded through these institutions, induced in part by regulatory changes that require mandatory clearing for over-the-counter derivative instruments standardised by these clearing counterparties. The Group's exposure to clearing houses amounted to EUR 39 billion of EAD on 31 December 2021. The default of a clearing institution or one of its members could generate losses for the Group and have an adverse effect on the business and results of the Group.

The Group is also exposed on assets held as collateral for credit or derivatives instruments, with the risk that, in the event of failure of the counterparty, some of these assets may not be sold or that their disposal price may not cover the entire exposure in credit and counterparty risks. These assets are subject to periodic monitoring and a specific management framework.

At 31 December 2021, the Group's exposure (EAD) to credit and counterparty risks on financial institutions amounted to EUR 116 billion, representing 11% of the Group's EAD in respect of credit risk.

4.1.2.3 The Group's results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment, based notably on multi-scenario approaches, relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical losses and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on regularly updated macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment. A deterioration of the geopolitical and macroeconomic environment could lead to a significant and/or not-fully-anticipated variation in the cost of risk and therefore in the Group's results of operations.

At 31 December 2021, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.6 billion on

performing assets and EUR 8.9 billion on assets in default. Outstanding loans in default (stage 3 under IFRS 9) represented EUR 17.8 billion, including 47% in France, 23% in Africa and Middle East and 14% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 2.9% and the gross coverage ratio of these loans was approximately 51%. The cost of risk stood at 13 basis points during 2021, against a cost of risk of 64 basis points in 2020.

4.1.3 MARKET AND STRUCTURAL RISKS

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

4.1.3.1 Changes and volatility in the financial markets may have a material adverse effect on the Group's business and the results of market activities.

In the course of its activities, the Group takes trading positions in the debt, currency, raw material and stock markets, as well as in unlisted shares, real estate assets and other types of assets including derivatives. The Group is thus exposed to "market risk". Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky financial assets (and especially on the riskiest assets) and generate losses for the Group;
- a sudden change in the levels of volatility and its structure, or alternative short-term sharp declines and fast rebounds in markets, could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's markets activities. Such losses may extend to a broad range of trading and hedging products, notably on derivative instruments, both vanilla and structured.

In the event that a much lower-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions (market positions) on certain products. Such corrections could result in significant losses for the Group's market activities. The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. The realisation of any such losses could have a material adverse effect on the Group's results of operations and financial position.

Similarly, the sudden decrease in, or even the cancellation of, dividends, as experienced during the Covid-19 pandemic, and changes in the correlations of different assets of the same class, could affect the Group's performance, with many activities being sensitive to these risks.

A prolonged slowdown in financial markets or reduced liquidity in financial markets could make asset disposals or position manoeuvrability more difficult, leading to significant losses. In many of the Group's activity segments, a prolonged decline in financial markets, particularly asset prices, could reduce the level of activity in these markets or their liquidity. These variations could lead to significant losses if the Group were unable to quickly unwind the positions concerned, adjust the coverage of its positions, or if the assets held in collateral could not be divested, or if their selling prices did not cover the Group's entire exposure on defaulting loans or derivatives.

The assessment and management of the Group's market risks are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are hypothetically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

Finally, the prospect of a faster-than-expected monetary tightening led to tensions and volatility in rates at the end of 2021, reflected notably by a flattening of the main curves. More generally, the reduction in accommodating monetary policies could lead to significant corrections in the markets due to higher interest rates and less liquidity. In addition, certain players who have benefited from a prolonged environment of low interest rates and high liquidity may encounter difficulties, with a risk of propagation to all financial markets, which could have a significant negative impact on the Group's market activities and results.

For information purposes, Global Markets & Investor Services activities, which account for most of the Group's market risks, represented EUR 5.6 billion of net banking income in 2021, or 22% of the Group's total revenues. At 31 December 2021, risk-weighted assets (RWA) subject to market risk represented EUR 11.6 billion (representing 3% of the Group's total RWA).

4.1.3.2 Sharp changes in interest rates may adversely affect retail banking activities in France in the short term.

The Group generates a significant part of its income through net interest margin and as such remains exposed to interest rate fluctuations as well as to changes in the yield curve, particularly in its Retail banking activities in France. The Group's results are influenced by changes in interest rates in Europe and in the other markets where it operates. In Europe in particular, a protracted environment of low or even negative interest rates has affected and could continue to adversely affect the Group's retail banking income, notably in France.

In addition, a sequence of very rapid rate hikes also presents a risk to the Group's revenues. Such a scenario may in particular be the consequence of the end of accommodating policies in reaction to an economic recovery or to high inflation rates. The rise in key rates or the reduction or even the end of central bank asset purchase programmes could then induce a rise in the yield curve which would have the effect of reducing the value of fixed rate assets measured at fair value, and a change in customer behavior that could affect the bank's income and lead the bank to readjust its hedges in an unfavorable context.

For information purposes, the Net banking income (NBI) of French retail banking amounted to EUR 7.8 billion in 2021.

For more information on structural interest rate risks, see chapter 4.9 "Structural interest rate and exchange rate risks" and Note 8.1 "Segment reporting" in Chapter 6 of the 2022 Universal Registration Document.

4.1.3.3 Fluctuations in exchange rates could adversely affect the Group's results.

As a result of its international activities and its geographical presence in many countries, the Group's revenues and expenses as well as its assets and liabilities are recorded in different currencies, which exposes it to the risk of exchange-rate fluctuations.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the Eurozone.

For more information of structural exchange rate risk, see chapter 4.7.5 "Market Risk Capital Requirements and Risk-Weighted Assets" and chapter 4.9.3 "Structural exchange rate risk" in the 2022 Universal Registration Document.

4.1.4 OPERATIONAL RISKS (INCLUDING RISK OF INAPPROPRIATE CONDUCT) AND MODEL RISKS

At 31 December 2021, risk-weighted assets in relation to operational risk amounted to EUR 47 billion, or 13% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (65% of total operational risk).

Between 2017 and 2021, the Group's operational risks were primarily concentrated in five risk categories, representing 93% of the Group's total operating losses observed over the period: fraud (mainly external frauds) and other criminal activities (32%), execution errors (20%), disputes with authorities (17%), errors in pricing or risk assessment, including model risk (13%) and commercial disputes (11%). The Group's other categories of operational risk (unauthorised activities in the markets, failure of information systems and loss of operating resources) remain minor, representing on average 7% of the Group's losses between 2017 and 2021.

See chapter 4.8.3 "Operational risk measurement" of the 2022 Universal Registration Document for more information on the allocation of operating losses.

4.1.4.1 A breach of information systems, notably in the event of cyber-attack, could have an adverse effect on the Group's business and results in losses and damage the Group's reputation.

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking and the digitalisation of processes. Any breach of its systems or the systems of its external partners could materially disrupt the Group's business. Such incidents could result in significant costs related to the recovery and verification of information, loss of revenues, customer attrition, disputes with counterparties or customers, difficulties in managing market operations and short-term refinancing operations, and ultimately damage the Group's reputation. Difficulties experienced by the Group's counterparties could also indirectly generate credit and/or reputational risks for the Group. The situation stemming from the conflict in Ukraine mentioned in section 4.1.1.1 "The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and

results of operations" increases the risk of cyber-attacks for the Group and its external partners.

Each year, the Group is subject to several cyber attacks on its systems or those of its customers, partners and suppliers. The Group could be subject to targeted and sophisticated attacks on its computer network, resulting in embezzlement, loss, theft or disclosure of confidential data or customer data (which could constitute violations of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"). Such actions could result in operational losses and have an adverse effect on the Group's business, results and reputation with its customers.

4.1.4.2 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.

In the case of non-compliance with applicable laws and regulations, the Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk for the Group of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group's business, financial position and results of operations. The situation generated by the conflict in Ukraine mentioned in section 4.1.1.1 "The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations" could increase the legal risk.

In preparing its financial statements, the Group makes estimates regarding the financial outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group's financial position or results of operations could be adversely affected.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 338 million on 31 December 2021.

For a description of the most significant ongoing proceedings, see the section 4.11 "Compliance risk, Litigation", Note 8.3.2 "Other provisions" and Note 9 "Information on risks and litigation" of chapter 6 of the 2022 Universal Registration Document.

4.1.4.3 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure of information technology systems could have an adverse effect on the Group's business and result in losses and damage to its reputation.

Any dysfunction, failure or interruption of service of the Group's communication and information systems or the systems of its external partners, even brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants. The international tensions linked to the situation in Ukraine and the sanctions that have been put in place and those that may be put in place in the future could also lead to operational difficulties within the Rosbank subsidiary.

The interconnections between various financial institutions, clearing houses, stock exchanges and service providers, including external cloud services, increase the risk that the operational failure of any one of them could lead to an operational failure of the entire sector, which could have an adverse impact on the Group's ability to conduct its business and could therefore result in losses. This risk is likely to be increased by industry concentration, whether among market participants or financial intermediaries, as complex and disparate systems need to be integrated, often on an accelerated basis.

The Group is also subject to various regulatory reforms and major internal strategic projects that may lead to operational disruptions and have an impact on the Group's operations, the accounting of transactions and their tax or prudential treatment, and on the Group's results in the event of poor project management and understanding of operational risks. Examples include the IBOR interbank rate reform, which aims to ensure the continuity of contracts indexed on interbank rates, or the internal project to merge the Société Générale and Crédit du Nord retail networks, with the transfer of Crédit du Nord's information system to the Société Générale information system.

See "Risks related to information security and information and communication technologies" of section 4.8.1 "Organisation of operational risk management", and "quantitative data" of section 4.8.3 "Operational risk measurement" for a breakdown of operational risk losses, and section 4.8.4 "Risk-weighted assets and capital requirements" of the 2022 Universal Registration Document for a breakdown of risk-weighted exposure to operational risks by division.

The operational risks specific related to the Covid-19 pandemic are also described in the section 4.1.1.2 "The coronavirus (Covid-19) pandemic and its economic consequences could negatively affect the Group's business and financial performance".

4.1.4.4 The Group is exposed to fraud risk, which could result in losses and damage its reputation.

Fraud risk is defined as the intentional non-compliance with existing laws, regulations or procedures, which in most cases results in harm to the bank or its customers, and provides the fraudster or his or her relatives with a direct or indirect material or moral benefit.

The risk of fraud increases intrinsically in a crisis context (financial pressure among clients, third parties or our employees) and in a remote working environment that may limit the capacity for monitoring and exchanges by or with the manager or other employees contributing to the prevention or detection of fraud risk. This risk mainly involves external fraud related to the bank's credit activities and to the means of payment (electronic banking, transfers and checks) made available to customers. Fraud schemes are changing rapidly in terms of volume and approach, in line with the security measures and countermeasures developed in the market and within the Group. Internal fraud is carried out through the misappropriation of funds and the granting of undue facilities and can be carried out with or without external collusion. Finally, unauthorised rogue trading, with or without circumvention of controls, could impact results and have a very significant negative impact on the Group's reputation.

Between 2017 and 2021, the risk of fraud represented 32% of the Group's total operating losses.

4.1.4.5 Reputational damage could harm the Group's competitive position, its activity and financial condition.

An organisation benefits from a good reputation when its activities and services meet or exceed the expectations of its stakeholders, both external (customers, investors, shareholders, regulators, supervisors, suppliers, opinion leaders such as NGOs, etc.) and internal (employees).

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition.

Financing extended by the bank that does not comply with regulations or its commitments, notably in terms of environmental and social responsibility, could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the bank's commitments could affect the Group's reputation. In addition, the situation in Ukraine and the international sanctions put in place create an environment that is likely to sharply increase the Group's reputational risk.

A corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse and tax evasion). This risk may arise from the conduct itself as well as from administrative or criminal sanctions penalising an insufficiently effective control environment, such as the sanctions issued by the US and French authorities in 2018 relating to the Group's failure to comply with economic embargo measures.

As a result, a perceived lack of commitment to the Group's Code of Conduct, which aims to anchor the Group's values in terms of ethics and responsibility, could be detrimental to the Group's good reputation.

These various issues could also have a non-negligible impact on the Group's ability to attract and recruit younger talent or to retain talent within the Group.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

For more information about reputation risk please see section 4.11 "Compliance risks, Litigation" and section 5.3.2 "Applying the highest standards in client relationship management" of Chapter 5 "Corporate Social Responsibility" of the 2022 Universal Registration Document.

4.1.4.6 The Group's inability to attract and retain qualified employees may adversely affect its performance.

The Group employs 131,000 people in 64 countries. Human resources are key assets of the Group, its business model and value proposition. Inadequate career or skills management (integration, career prospects and training, or in terms of compensation levels in line with market practice, etc.) could affect the performance of the Group's banking and financial activities. The Group's inability to attract and retain employees, a high rate of turnover or the departure of strategic employees could expose the Group to a loss in its know-how as well as a deterioration in the quality of service, at the expense of client satisfaction.

Furthermore, the increased oversight of compensation policies to which the banking sector is subject, including rules on certain types of compensation (fixed, variable, performance conditions, deferred payments, etc.), may limit the Group's ability to attract and retain talent. This is notably the case for the CRD IV directive, which has applied since 2014 to banks in the European Economic Area (EEA) and therefore to the Group, and for the CRD V directive, applicable since January 2021. These directives include a cap on the variable

component of compensation compared to its fixed component for the relevant personnel, which could reduce the Group's ability to attract and retain employees, in particular against competitors located outside of the EEA.

In addition, the context of the Covid-19 health crisis has reinforced the aspirations of some of the Group's employees to access new ways of working, with the lasting introduction of a "hybrid" form of work (involving an organisation based on both on-site presence of employees and remote working). However, hindsight on this hybrid working method is still limited to date and has yet to be evaluated in terms of the level of satisfaction and commitment of the Group's employees.

For more information, see section 5.4.1.3.4 "Guaranteeing health and safety at work and continuous improvement of working conditions" of the 2022 Universal Registration Document.

4.1.4.7 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail, face delays in deployment or prove to be inadequate and result in financial losses for the Group.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, notably with financial consequences. The faulty use of so-called artificial intelligence techniques in the conception of these models could also lead to the production of erroneous results.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and could generate losses for the Group. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorised within level 3 (for which the valuation is not based on observed data) represented EUR 13.4 billion and EUR 43.7 billion, respectively, as of 31 December 2021 (see Note 3.4.1 and Note 3.4.2 of chapter 6 of the consolidated financial statements included in the 2022 Universal Registration Document on financial assets and liabilities measured at fair value);
- the assessment of customer solvency and the Bank's exposure to credit and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions. It is based on economic scenarios and projections that may not adequately anticipate unfavourable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the evolution of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of a large-scale armed conflict, strong movements in volatility resulting, for example, from a pandemic, or tensions between the United States and China, in the Middle East or in Africa), leading to an ineffective hedging strategy, thus causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;

- management of the interest rate risk of the investment portfolio and of the liquidity risk of all balance sheet and off-balance sheet items uses behavioural models that depend on market conditions. These models, based in particular on historical observations, could have an impact on the hedging of these risks when unprecedented events occur.

In addition, the Group has initiated an evolution of its system of internal credit risk models (project "Hausmann"). This evolution could have a significant impact on the calculation of its RWA credit and counterparty risk in the event of delay in the schedule for submitting its models to the supervisor or in the event of late validation by the supervisor.

Finally, the unprecedented environment resulting from the Covid-19 crisis could alter the results of the models used within the Group (particularly in terms of asset valuation and the assessment of capital requirements for credit risk), due in particular to a calibration carried out over periods that are not comparable to the current crisis, or to assumptions that are no longer valid, leading the models to exceed their validity zone. The temporary decline in performance and the recalibration of these models could have a negative impact on the Group's results.

4.1.5 LIQUIDITY AND FUNDING RISKS

4.1.5.1 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions.

In past crises (such as the 2008 financial crisis, the Eurozone sovereign debt crisis, the tensions on the financial markets linked to the Covid-19 pandemic before the intervention of the central banks or more recently the tensions linked to the crisis in Ukraine), access to financing from European banks was intermittently restricted or subject to less favourable conditions.

If unfavourable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavourable and could have an adverse impact on the Group's operating results as well as its financial position.

For several years, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows and by setting up TLTRO (Targeted Longer-Term Refinancing Operations) type facilities and by implementing asset purchase policies to keep long-term interest rates at very low levels. In a context of higher inflation, central banks (notably the ECB and the U.S. Federal Reserve) have begun to phase out these accommodating policies. For example, the ECB indicated in December 2021 that it will cease the Emergency Pandemic Purchase programme (EPPP) in March 2022 and its Targeted Long-Term Refinancing Operations (TLTRO 3) in June 2022. In this context, the Group could face an unfavourable evolution of its financing cost and access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing, which would reduce its net interest margin as well as its results.

4.1.4.8 The Group may incur losses as a result of unforeseen or catastrophic events, including health crises, large-scale armed conflicts, terrorist attacks or natural disasters.

The Group remains dependent on its natural and social environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 pandemic) or a health crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, large-scale armed conflicts, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris), extreme weather conditions (such as heatwaves) or major social unrest (such as the *gilets jaunes* movement in France) could affect the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). Upon the occurrence of such events, the Group could incur losses.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood at 129% at 31 December 2021 and liquidity reserves amounted to EUR 229 billion at 31 December 2021.

4.1.5.2 A downgrade in the Group's external rating or in the sovereign rating of the French state could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium- and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions. These spreads can also be affected by an adverse change in France's sovereign debt rating or the Group's external ratings by rating agencies.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. The downgrading of the Group's credit ratings, by these or other agencies, could have a significant impact on the Group's access to funding, increase its cost of financing or reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

The deterioration of the economic environment following the health crisis or more recently as a result of the crisis in Ukraine and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external rating downgrades (due notably to its exposure on Russia). The Group's ratings could be placed under negative watch or be subject to a downgrade. In addition, France's sovereign ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 pandemic and the response measures taken by the French government). These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (<https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings>).

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

At end 2021, the Group raised a total of EUR 39.1 billion of long-term funding (of which EUR 35.3 billion for the parent company and EUR 3.8 billion for its subsidiaries) which relates, at the parent company level, to senior structured issues (EUR 19.9 billion), subordinated issues (EUR 2.4 billion), senior vanilla non-preferred issues (EUR 6.9 billion), unsecured senior vanilla preferred issues (EUR 2.1 billion) and secured issues (EUR 7.1 billion).

For 2022, the Group has planned a funding programme of approximately EUR 20 billion in vanilla long-term debt, in senior preferred and secured debt as well as in senior non-preferred debt and subordinated debt.

4.1.6 RISKS RELATED TO INSURANCE ACTIVITIES

4.1.6.1 A deterioration in market conditions, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.

In 2021, the Group's insurance activities represented net banking income of EUR 1 billion, or 4% of the Group's consolidated net banking income. The Group's Insurance division is mainly focused on life insurance. At 31 December 2021, life insurance contracts registered outstandings of EUR 135 billion, divided between euro-denominated contracts (63%) and unit-linked contracts (37%).

The Group's Insurance business is highly exposed to interest-rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage operations by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and profitability of the life insurance activity.

More generally, a pronounced widening of spreads and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

In the event of a deterioration in market parameters, the Group could be required to strengthen the own funds of its insurance subsidiaries to enable them to continue meeting their regulatory requirements in this domain.

4.2 RISK MANAGEMENT ORGANISATION

4.2.1 RISK APPETITE

Risk appetite is defined as the level of risk that the Group is prepared to accept to achieve its strategic and financial goals.

Principles governing risk appetite

The Group's ambition is to push ahead with sustainable development based on a diversified and balanced banking model with a strong European anchor and a targeted global presence in selected areas of strong business expertise. The Group also wishes to maintain long-term relationships with its clients built on the mutual confidence deserved and to meet the expectations of all of its stakeholders by providing them with responsible and innovative financial solutions.

This is reflected in:

- an organisation with 16 Business Units offering various products and services to the Group's clients in different geographic locations;
- balanced selective capital allocation between activities:
 - a preponderance of retail banking activities in France and abroad, which currently represent around 60% of risk weighted assets ("RWA") of the Group,
 - limitation of Business Unit Global Markets' share in the RWA of the Group. In accordance with its client-focused development strategy, the Group ceased its trading activities for its own account⁽¹⁾ in 2019, and finalised its project to simplify the products processed in 2021,
 - non-bank services activities, in particular Insurance and vehicle fleet management and financing, are conducted in line with the business strategy; they demonstrate a disciplined risk profile and thus generate profitability compliant with the Group's expectations;
- a geographically balanced model:
 - in Retail Banking, the Group focuses on international development leveraging historic presence, extensive market knowledge and top-tier positions,
 - as regards Global Banking and Investor Solutions, apart from historical establishments, the Group targets activities for which it can leverage international expertise;
- a targeted growth policy, favoring existing areas of expertise, a sound quality business fund and the search for synergies in the diversified banking model;
- a positive and sustainable contribution to the transformations of our economies, in particular with regard to the technological revolution, and economic, social and environmental transitions; CSR concerns are therefore at the heart of its strategy and the Group's relationships with stakeholders;
- a strong vigilance as regards its reputation, deemed by the Group to be a high-value asset which must be protected.

A robust financial strength profile

The Group seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- aiming for profitable and resilient business development;
- maintaining a target rating allowing access to financial resources at a cost consistent with the development of the Group's businesses and its competitive positioning;
- calibrating its capital and hybrid debt targets to ensure:
 - meeting the minimum regulatory requirements on regulatory capital ratios,
 - compliance with the financial conglomerate ratio which considers the combined solvency of the Group's banking and insurance activities,
 - one-year coverage of the "internal capital requirement" using available CET1 capital,
 - a sufficient level of creditor protection consistent with a debt issuance program that is particularly hybrid consistent with the Group's objectives in terms of rating and regulatory ratios such as Tier 1, TLAC ("Total Loss Absorbing Capacity"), MREL ("Minimum Required Eligible Liabilities"), and the leverage ratio;
- ensuring resilience of its liabilities, which are calibrated by taking into account a survival horizon in a liquidity stress ratio, compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term fundings and the foreign exchange needs of the Group's businesses, particularly in dollars;
- controlling the leverage ratio through a leverage ratio target.

Credit risk (including concentration effects)

Credit risk appetite is managed through a system of credit policies, risk limits and pricing policies.

When it takes on credit risk, the Group focuses on medium- and long-term client relationships, targeting both clients with which the Bank has an established relationship of trust and prospects representing profitable business development potential over the mid-term.

Acceptance of any credit commitment is based on in-depth client knowledge and a thorough understanding of the purpose of the transaction.

In a credit transaction, risk acceptability is based first on the borrower's ability to meet its commitments, in particular through the cash flows which will allow the repayment of the debt. For medium and long-term operations, the funding duration must remain compatible with the economic life of the financed asset and the visibility horizon of the borrower's cash flow.

(1) In accordance with French Banking Law, the few residual trading activities of the Group unrelated to clients were isolated in a dedicated subsidiary called Descartes Trading.

Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk. Security interests are assessed with prudent value haircuts and paying special attention to their actual enforceability.

Complex transactions or those with a specific risk profile are handled by specialised teams within the Group with the required skills and expertise.

The Group seeks risk diversification by controlling concentration risk and maintaining a risk allocation policy through risk sharing with other financial partners (banks or guarantors).

Counterparty ratings are a key criterion of the credit policy and serve as the basis for the credit approval authority grid used in both the commercial and risk functions. The rating framework relies on internal models. Special attention is paid to timely updating of ratings (which, in any event, are subject to annual review)⁽¹⁾.

The risk measure of the credit portfolio is based primarily on the Basel parameters that are used to calibrate the capital need. As such, the Group favors the so-called advanced Basel models (IRBA), which are more risk-sensitive and more adapted to the specific characteristics of the bank's portfolio. These measures are complemented by an internal stress-sized risk assessment, either at the global portfolio level or at the sub-portfolio level, linking risk measures and rating migration to macro-economic variables. In addition, the calculation of expected losses under the provisions of IFRS 9, used to determine the level of impairment on healthy outstandings, provides additional insight into assessing portfolio risk.

In consultation with the Risk Department, the businesses implement, most of the time, pricing policies that are differentiated according to the level of risk of counterparties and transactions. The purpose of pricing a transaction is to ensure acceptable profitability, in line with the objectives of ROE (Return on Equity) of the business or entity, after taking into account the cost of the risk of the transaction in question. The pricing of an operation can nevertheless be adapted in certain cases to take into account the overall profitability and the potential customer relationship development. The intrinsic profitability of products and customer segments is subject to periodic analysis in order to adapt to changes in the economic and competitive environment.

Proactive management of counterparties whose situation has deteriorated is key to containing the risk of final loss in the event of counterparty failure. As such, the Group has put in place rigorous procedures for monitoring non retail counterparties and/or for closer monitoring of retail counterparties whose risk profiles are deteriorating. In addition, the businesses and entities, in conjunction with the Risk and Finance Departments, and through collaborators specialising in recovery and litigation, work together to effectively protect the Bank's interests in the event of default.

Counterparty credit risk

The future value of exposure to a counterparty as well as its credit quality are uncertain and variable over time, both of which are affected by changes in market parameters. Thus, counterparty credit risk management is based on a combination of several types of indicators:

- indicators of potential future exposures (potential future exposures, or PFE), aimed at measuring exposure to our counterparties:

- the Group controls idiosyncratic counterparty credit risks *via* a set of CVaR (Counterparty VaR⁽²⁾) limits. The CVaR measures the potential future exposure linked to the replacement risk in the event of default by one of the Group's counterparties. The CVaR is calculated for a 99% confidence level and different time horizons, from one day until the maturity of the portfolio,
- in addition to the risk of a counterparty default, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of our portfolio of derivatives and repos account the credit quality of our counterparties;
- the abovementioned indicators are supplemented by stress test frameworks or on nominal ones in order to capture risks that are more difficult to measure:
 - the more extreme correlation risks are measured *via* stress tests at different levels (wrong-way risk, stress monitoring at sector level, risk on collateralised financing activities and agency),
 - the CVA risk is measured *via* a stress test in which representative market scenarios are applied, notably involving the credit spreads of our counterparties;
- exposures to central counterparty clearing houses (CCP) are subject to specific supervision:
 - the amount of collateral posted for each segment of a CCP: the initial posted margins, both for our principal and agency activities, and our contributions to CCP default funds,
 - in addition, a stress test measures the impact linked to the default of an average member on all segments of a CCP and the failure of a major member on a segment of a CCP;
- the Global Stress Test on market activities includes cross market-counterparty risks, it is described in more detail in the "Market risk" section.

Market risk

The Group's market activities are carried out as part of a business development strategy primarily focused on meeting client requirements through a full range of products and solutions.

Market risk is managed through a set of limits for several indicators (such as stress tests, Value at Risk (VaR) and stressed Value at Risk (SVaR), "Sensitivity" and "Nominal" indicators). These indicators are governed by a series of limits proposed by the business lines and approved by the Risk Division during the course of a discussion-based process.

The choice of limits and their calibration reflect qualitatively and quantitatively the fixing of the Group's appetite for market risks. A regular review of these frameworks also enables risks to be tightly controlled according to changing market conditions with, for example, a temporary reduction of limits in case of a deterioration. Warning thresholds are also in place to prevent the possible occurrence of overstates.

Limits are set at different sub-levels of the Group, thereby cascading down the Group's risk appetite from an operational standpoint within its organisation.

Within these limits, the Global Stress Test limits on market activities and the Market Stress Test limits play a pivotal role in determining the Group's market risk appetite; in fact, these indicators cover all operations and the main market risk factors as well as risks associated with a severe market crisis which helps limit the total amount of risk and takes account of any diversification effects.

(1) For none automated processes.

(2) The CVaR economic indicator is built on the same modeling assumptions as the regulatory Effective Expected Positive Exposure (EEPE) indicator used to calculate RWAs.

Operational risk (including reputation and compliance risk)

The Group is exposed to a diversity of operational risks inherent in its business: execution errors, internal and external fraud, IT system failures, malicious acts against IT systems, loss of operational resources, commercial disputes, failure to comply with tax obligations, but also risk of non-compliance, unappropriated behavior or even reputation.

As a general rule, the Group has no appetite for operational risk or for non-compliance risk. Furthermore, the Group maintains a zero-tolerance policy on incidents severe enough to potentially inflict serious harm to its image, jeopardise its results or the trust displayed by customers and employees, disrupt the continuity of critical operations or call into question its strategic focus.

The Group underscores that it has is no or very low tolerance for operational risk involving the following:

- internal fraud: the Group does not tolerate unauthorised trading by its employees. The Group's growth is founded on trust, as much between employees as between the Group and its employees. This implies respecting the Group's principles at every level, such as exercising loyalty and integrity. The Group's internal control system must be capable of preventing acts of major fraud;
- cybersecurity: The Group has zero tolerance for fraudulent intrusions, in particular those resulting in the theft of customer data or a major operational disruption. The Group intends to introduce effective means to prevent and detect this risk. It is adequately organised to deal with potential incidents;
- data leaks: the Group is committed to deploying the necessary resources and implementing controls to prevent, detect and remediate data leaks. It does not tolerate any leaks of its most sensitive information, in particular that of customer data;
- business continuity: the Group relies heavily on its information systems to perform its operations and is therefore committed to deploying and maintaining the resilience of its information systems to ensure the continuity of its most essential services. The Group has very low tolerance for the risk of downtime in its information systems that perform essential functions, in particular systems directly accessible to customers or those enabling to conduct business on financial markets;
- outsourced services: the Group seeks to achieve a high degree of thoroughness in the control of its activities entrusted to external service providers. As such, the Group adheres to a strict policy of reviewing its providers;
- managerial continuity: the Group intends to ensure the managerial continuity of its organisation to avoid the risk of a long-term absence of a manager that would question the achievement of its strategic objectives, which might threaten team cohesion or disrupt the Group's relationships with its stakeholders.

Structural interest rate and exchange rate risks, risk to employee commitments

The Group measures and strictly controls structural risks. The mechanism whereby rate risk, foreign exchange risk and the risk on pension/long-service obligations is controlled is based on sensitivity or stress limits which are broken down within the various businesses (entities and business lines).

There are four main types of risk: rate level risk, curve risk book, optional risk (arising from automatic options and behavioral options) and basis risk, related to the impact of relative changes in interest rates indices. The Group's structural interest rate risk management primarily relies on the sensitivity of Net Present Value ("NPV") of fixed-rate residual positions (excesses or shortfalls) to interest rate changes according to several interest rate scenarios. The limits are established either by the Board of Directors or by the Finance Committee, at the Business Unit/Service Unit and Group levels. Furthermore, the Group measures and controls the sensitivity of its net interest margin ("NIM") on different horizons.

The Group's policy in terms of structural exchange rate risks consists of limiting as much as possible the sensitivity of its CET1 capital ratio to changes in exchange rates, so that the impact on the CET1 ratio of an appreciation or a depreciation of all currencies against the euro does not exceed a certain threshold in terms of bp by summing the absolute values of the impact of each currency.

Regarding risks to pension and long-service obligations, which are the Bank's long-term obligations towards its employees, the amount of the provision is monitored for risk on the basis of a specific stress test and an attributed limit. The risk management policy has two main objectives: reduce risk by moving from defined-benefit plans to defined-contribution plans and optimise asset risk allocation (between hedge assets and performance assets) where allowed by regulatory and tax constraints.

Liquidity and financing risks

Controlling liquidity risk is based primarily on:

- compliance with regulatory liquidity ratios, with precautionary buffers: LCR (liquidity coverage ratio) ratios that reflect a stress situation and NSFR (net stable funding ratio);
- the definition of a minimum survival horizon under combined market and idiosyncratic stress;
- framing of transformation and anti-transformation positions (price risk).

Controlling financing risk is based on:

- maintaining a liability structure to meet the Group's regulatory constraints (Tier1, Total Capital, Leverage, TLAC, NSFR, MREL) and complying with rating agencies' constraints to secure a minimum rating level;
- recourse to market financing: annual long-term issuance programs and a stock of moderate structured issues and short-term financing raised by supervised treasuries.

Model risk

The Group is committed to defining and deploying internal standards to reduce model risk on the basis of key principles, including the creation of three independent lines of defence, the proportionality of due diligence according to each model's level of risk inherent, the consideration of the models' entire lifecycle and the appropriateness of the approaches within the Group.

Risk related to insurance activities

The Group conducts Insurance activities (Life Insurance and Savings, Retirement savings, Property & Casualty Insurance, etc.) which exposes the Group to two major types of risks:

- subscription risk related to pricing and fluctuations in the claims ratio;
- risks related to financial markets (interest rate, credit and equity) and asset-liability management.

Private equity risk

The Group has limited appetite for financial holdings, such as proprietary private equity transactions. The investments allowed are mainly related to:

- commercial support for the network through the private equity activity of the Societe Generale and Crédit du Nord network and certain subsidiaries abroad;
- taking stakes, either directly or through investment funds, in innovative companies *via* SG Ventures;
- the takeover of stakes in local companies: Euroclear, *Crédit Logement*, etc.

Investments made in private equity are managed directly by the networks concerned (Societe Generale, Crédit du Nord and subsidiaries abroad) and are capped at EUR 25 million. Beyond this limit, the investment envelope must be validated by the Group Strategy Department on the basis of a file produced by the Business Unit with the assistance of its Finance Department. This file aims to justify this amount, the expected benefits, the profitability considering the consumption of associated equity, the characteristics of the

investments (criteria, types, duration, etc.), a risk analysis and a governance proposal. If the amount exceeds EUR 50 million, it must be validated by the Group's General Management, with the support of the opinion of the Strategy Department, the Finance Department, the Corporate Secretary and the Compliance Department. The Business Unit concerned must submit a report on operations and the investment envelope to the Strategy Department every six months.

The other minority holdings are subject to a dedicated validation process in both the investment and divestment phases: validation by the Managers of the Business Units and entities concerned and their Finance Department, the Strategy Department, or even the Group's General Management (over EUR 50 million) or the Board of Directors (over EUR 250 million). These files are examined by the Strategy Department based on the opinions of the expert Services and Business Units concerned by the operation (at least the Finance Department, the Legal and Tax Departments within the Corporate Secretary and the Compliance Department). The instruction is based on an analysis of the participation concerned, the motivations and the investment context, the structuring of the operation, its financial and prudential impacts, as well as an assessment of the risks identified and the means implemented to track and manage them.

Settlement/Delivery risk

The settlement-delivery risk on financial instruments arises when transactions (over-the-counter in cash or forward) give rise to a time lag (usually of a few hours) between the payment and the delivery of the underlying (securities, raw materials, foreign exchange, etc.) during their settlement.

The Group defines a risk appetite for delivery risk in relation to the quality of the counterparty (*via* its rating) with larger limits granted to counterparties in the investment grade category (IG).

4.2.2 RISK APPETITE – GENERAL FRAMEWORK

Risk appetite is determined at Group level and attributed to the businesses and subsidiaries. Monitoring of risk appetite is performed according to the principles described in the Risk Appetite Framework governance and implementation mechanism, which are summarised below.

Governance

As part of the supervision of risk appetite, the Group relies on the following organisation:

- the Board of Directors:
 - approves each year the Group Risk Appetite Statement and the Group Risk Appetite Framework, as well as the Group Risk Appetite Framework,
 - approves in particular the main Group risk appetite indicators (Board of Directors indicators) validated beforehand by General Management,
 - ensures that risk appetite is relevant to the Group's strategic and financial objectives and its vision of the risks of the macro-economic and financial environment,
 - reviews quarterly the risk appetite dashboards presented to it, and is informed of risk appetite overruns and remediation action plans,

- sets the compensation of corporate officers, sets out the principles of the remuneration policy applicable in the Group, especially for regulated persons whose activities may have a significant impact on the Group's risk profile, and ensures that they are in line with risk management objectives.

The Board of Directors relies primarily on the Risk Committee.

- General Management:
 - approves the Risk Appetite Statement and its Risk Appetite Framework based on the proposal of the Chief Risk Officer and the Chief Financial Officer,
 - regularly ensures that risk appetite is complied with,
 - ensures the effectiveness and integrity of the risk appetite implementation system,
 - ensures that the risk appetite for the Group's Business Units and eligible subsidiaries/branches is formalised and translated into frameworks consistent with the Group's risk appetite,
 - ensures internal communication of risk appetite and its transposition in the Universal Registration Document.

In addition, the main mission of the Risk Department is to develop the Group's risk appetite, as well as the implementation of a risk management, monitoring and control system.

The Finance Department contributes to setting this risk appetite in the framework of indicators under the responsibility of the Finance Committee (profitability, solvency, liquidity and structural risks).

The Compliance Department is also responsible for instructing the risk appetite setting for indicators falling within its scope.

Risk identification process

The risk identification process is a cornerstone of the Group risk-management framework. It is a Group-wide process to identify all risks that are or might be material. The approach is comprehensive and holistic: it covers all risk types⁽¹⁾ and all Group exposures.

In addition to the annual review of the Group's risk taxonomy, risk identification process is based on two pillars in order to ensure a complete and up-to-date view of all the material risks facing the Group:

- risk management governance and key Committees such as CORISQs or COFI at Group or Business Unit level or New Product Committees making it possible to monitor changes in the risk profile for all types of risk (credit, market, operational, etc.). In addition to monitoring well-identified risks, this governance can also generate a debate between risk experts and senior management on emerging risks. This debate is fueled by the latest market news, early warning signals, internal alerts, and more;
- a series of exercises aimed at identifying additional risks, for example arising from changes in macroeconomic or sectoral conditions, financial markets, regulatory constraints, competitors or market pressure, business model (concentration effects) and changes in banking organisations. These additional identification exercises are also organised by risk types, but include some identification of cross-risk effects (e.g. credit and market or credit and operational). For a given type of risk, these exercises analyse and segment the Group's exposure along several axes (Business Unit, activity, customer, product, region, etc.). The underlying risk factors are identified for the perimeters where this risk is assessed as being significant.

When a significant risk is identified, a risk management system, which may include a quantitative risk appetite (risk ceiling or threshold) or a risk policy, is implemented.

In addition, where possible, the risk factors underlying a significant risk are identified and combined in a dedicated scenario, and the associated loss is then quantified by means of a stress test (see also section "Risk quantification and stress test system").

Risk quantification and stress test system

For each identified material risk, indicators to measure this risk are introduced to ensure monitoring. These indicators can be based on measurements of outstandings (risk weighted or not), sensitivities to the variation of one or more risk factors (interest rate, etc.), impacts of stress tests based on scenarios, etc. These indicators can be expressed as ratios and are sometimes the subject of regulatory or publication requirements.

Regarding more specifically stress tests, or crisis simulations, they assess what would be the behavior of a portfolio, activity, entity or Group in a context of degraded activity.

Within the Group, stress tests contribute to the identification, measurement and management of risks, as well as to the assessment of the adequacy of capital and liquidity to the Group's risk profile.

Hence, stress tests:

- are a preferential measure providing information on the resilience of the Group, its activities and its portfolios, and are an integral part of the process of building risk appetite;
- are based on hypothetical economic scenarios defined in conjunction with the Economic and Sectoral Studies Department, or historical scenarios. The stress tests break down these scenarios into impacts on the Group's activities, by taking into account the reaction capacities of the activities, by systematically combining quantitative methods and expert judgment (risks, finance or business lines);
- can also be based on sensitivity analysis (single or multi-factor risk).

The stress test system thus comprises:

- a global stress test, integrated into the budget process (Strategic and financial plan), to ensure that the Group's profile meets its objectives in the event of an adverse scenario, but also to quantify the deterioration in the profitability of the Business Units in this scenario. The stress test system is an integral part of the ICAAP (Internal Capital Adequacy Assessment Process);
- specific stress tests by type of risk or portfolio:
 - stress tests on credit risk complete the overall analysis with a more granular approach, and thus shed light on the fixing of risk appetite at a portfolio, activity, etc. They are also used to refine the identification, measurement and operational management of this risk,
 - stress tests on market activities are based on historical and hypothetical scenarios and apply to the entire Group. They are supplemented by specific sensitivity stress tests on certain risk factors (rates, equities, etc.) or certain activities (emerging markets, etc.). A stress test limit is established for these different risk measures,
 - stress tests assess the sensitivity of structural interest rate risk. The exercise focuses on changes in the economic value of assets and liabilities in bank portfolios and on changes in the net interest margin generated by these assets and liabilities. The Group sets limits on these sensitivities in scenarios of translation and deformation (steepening and flattening) of the yield curves,
 - a stress test on social commitments consists of simulating the impact of variations in market risk factors (inflation, interest rate, etc.) on the Group's net position (dedicated investments minus the corresponding social commitments). A stress test limit is established on this indicator,
 - liquidity stress tests,
 - an assessment of operational risk under stress uses the scenario analysis and loss modeling work to calibrate the Group's capital requirement regarding operational risk, and makes it possible to understand the exposure to operational losses, including exposure to rare and severe losses not present in the history,

(1) Risks are classified on the basis of the Group's risk taxonomy, which names and defines risk categories and their possible sub-categories.

- stress tests of insurance activities support the process of defining the risk appetite of the Insurance Business Unit, which is based on minimum profitability and solvency targets for a central and a stressed scenario. The Insurance Business Unit also uses also results from stress tests to define its hedging policy, the distribution of its assets and the dividend distribution policy;
- reverse stress tests, both as part of the risk appetite and the recovery plan. The impact of these stress tests is typically defined by a breaking point in the solvency ratio or liquidity indicator, which poses a significant threat to the Bank. Hypothetical scenarios leading to this breaking point are then constructed in order to identify new weaknesses.

DEFINITION OF THE “CENTRAL” AND “STRESSED” ECONOMIC SCENARIOS

Central scenario

The central scenario is based first of all on a set of observed factors such as recent economic situation and economic policy shifts (budgetary, monetary and exchange-rate policies). From these observed factors, economists calculate the most likely trajectory of economic and financial variables for the desired forecast horizon.

In addition to internal stress test exercises, the Group is part of the sample of European banks participating in major international stress test programs piloted by the European Banking Authority (EBA) and the European Central Bank (ECB).

More specifically on climate risk, the Group participated on a voluntary basis in exploratory climate stress exercises organised by the ACPR (*Autorité de contrôle prudentiel et de résolution*) and the European Banking Authority in 2020. A stress test coordinated by the ECB in which the Group is participating is also being performed in the first half of 2022.

Stressed scenario

The severity of the stressed scenario, which is determined by the deviation of the GDP trajectory from the central scenario, is based on the magnitude of the 2008-2009 crisis and has been adjusted to take into account the impacts - health, economic and financial - of the Covid-19 crisis on the basis of current knowledge. The severity is constantly compared to that of various adverse scenarios produced by reputable institutions such as the ECB, the Bank of England or the Federal Reserve.

Setting and formalisation of risk appetite at Group level

The Group's risk appetite is formalised in a document (“Risk Appetite Statement”) which sets out:

- the strategic profile of the Group;
- its profile of profitability and financial soundness;
- the frameworks relating to the management of the Group's main risks (qualitative, through risk policies, and quantitative, through indicators).

Regarding the profile of profitability and financial soundness, the Finance Department proposes each year, upstream of the budgetary procedure, to the General Management, financial targets at Group level. These targets, supplemented by alert thresholds and crisis levels according to a “traffic light” approach, allow:

- to respect, with a sufficient safety margin, the regulatory obligations to which the Group is subject (in particular the minimum regulatory solvency, leverage and liquidity ratios), by anticipating as best as possible the implementation of new regulations;
- to ensure, *via* a safety margin, sufficient resistance to stress scenarios (stress standardised by regulators or stress defined according to a process internal to the Group).

The frameworks relating to risk management, also represented *via* a graduated approach (limits, alert thresholds, etc.), result from a process

in which the needs expressed by the businesses are confronted with a contradictory opinion independent from the second line defence. The latter is based on:

- independent analysis of risk factors;
- the use of prospective measures based on stress approaches;
- the proposal for a framework.

For the main risks, the frameworks set make it possible to consolidate the achievement of the Group's financial targets and to orient the Group's profitability profile.

Allocation of risk appetite in the organisation

The allocation of risk appetite in the organisation is based on the strategic and financial plan, and on risk management systems:

- based on recommendations by the Finance Department to General Management, the financial targets defined at Group level are broken down into budget allocation targets at business level as part of the budget and the strategic and financial plan;
- the breakdown of frameworks and risk policies is based on an understanding of the needs of the businesses and their business prospects and takes into account the profitability and financial strength targets of the Business Unit and/or the entity.

4.2.3 RISK MANAGEMENT ORGANISATION

Audited I Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group in all businesses, markets and regions in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Group's risk management, supervised at the highest level, is compliant with the regulations in force, in particular the order of 3 November 2014 revised by the order of 25 February 2021 on the internal control of companies in the banking sector, payment services and investment services subject to the control of the French Prudential Supervisory and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) and European Regulations Basel 3 (CRR/CRD). ▲ (See Board's Expertise, p. 82.).

Governance of risk management

Audited I Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents the main aspects of, and notable changes to, the Group's risk management strategy to the Board of Directors at least once a year (more often if circumstances so require).

As part of the Board of Directors, the Risk Committee (see Art. 11 of the Internal rules of the Board of Directors, p. 85) advises the Board on overall strategy and appetite regarding all kinds of risks, both current and future, and assists the Board when the latter verifies that the strategy is being rolled out.

The Board of Directors' Audit and Internal Control Committee (see Art. 10 of the Internal Rules of the Board of Directors, page 84) ensures that the risk control systems operate effectively.

Chaired by General Management, the specialised Committees responsible for central oversight of internal control and risk management are as follows:

- **the Risk Committee** (CORISQ), which met twenty-one times during the 2021 financial year, aims to define the Group's main orientations in terms of risks (credit and counterparty risks, environmental risks, country, market risk, operational risk, model risk, etc.) within the framework of the risk appetite and the financial targets set by the Board, and to monitor compliance in such respect. Subject to the powers attributed to the Board of Directors, the CORISQ chaired by the Chief Executive Officer, based on proposals from the Risk Division, validates the main decisions relating to the management of these various risks. Along with the Risks Committee, the Major Risks Committee (*Comité Grands Risques*) is an *ad hoc* body that validates the commercial strategy and risk-taking with regard to large client groups;
- **the Finance Committee** (COFI), chaired by the Chief Executive Officer, is responsible for setting out the Group's financial strategy and for managing scarce resources (capital, liquidity, balance sheet, tax capacity). The COFI, based upon proposals from the Finance Division and the Risk Division, validates The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management;
- **the Compliance Committee** (COMCO), chaired by the Chief Executive Officer, defines the Group's main guidelines and principles in terms of compliance and monitors, on an annual basis, the quality of the CSR risk management framework (including compliance with the French Duty of Care law (*'Devoir de Vigilance'*) and the Modern Slavery Act UK;

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

Divisions involved in risk management and internal control

The Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks.

The Corporate Divisions provide the Group's General Management with all the information needed to perform its role of managing Group strategy under the authority of the Chief Executive Officer. The Corporate Divisions report directly to General Management.

- **the Risk Division** aims to contribute to the development of the Group's activities and sustainable profitability by developing, with the Finance Department and the Business Units/Service Units, the Group's risk appetite (declined in the Group's various businesses) as well as the implementation of a control and monitoring system risks as part of its role as a second line of defence. The Risk Division is under the supervision of the Group Chief Executive Officer.

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

Accordingly, the Risk Division:

- provides hierarchical and functional supervision for the Group's Risk function,
- examines, with the Finance Division, the setting of the Group's risk appetite through the Group's Risk Appetite Statement which is proposed to General Management and ultimately approved by the Board of Directors,
- identifies all Group risks and identifies future needs,
- implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to General Management, the Board of Directors and the banking supervisory authorities,
- helps define the risk policies, taking into account the objectives of the businesses and the relevant risk issues,
- defines or validates the methods and procedures used to analyse, measure, approve and monitor risks,
- implements a second-level control to ensure the correct application of these methods and procedures,
- assesses and approves transactions and limits proposed by business managers,
- defines or validates the architecture of the central risk information system, ensures its suitability to business requirements;
- **the Finance Division** is organised according to three levels of supervision, each reporting to a Deputy Chief Financial Officer:
 - French Retail Banking, and International Retail Banking and Financial Services,
 - Global Banking and Investor Solutions,
 - cross-business functions, bringing together all the areas of expertise that are key to the Finance Division.

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

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

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

- **the Finance Departments of the Business Units and Service Units**, which report hierarchically to the Group Finance Division, ensure that the financial statements are prepared correctly at local level and control the quality of the information in the Financial Reports (accounting, management control, regulations, etc.);
- **the Group Compliance Division** is responsible for the definition and consistency of the non-compliance risk prevention and control framework, related to banking and financial regulation and for coordinating the framework aimed at preventing, identifying, assessing and controlling non-compliance risk across the entire Group. It ensures that roles and responsibilities are identified with the appropriate level of expertise so that the regulatory watch framework and related normative documentation, including its deployment, are operational. In particular, it takes care to harmonise procedures and optimise (in conjunction with the BU/SUS) international resources in order to ensure the framework's effectiveness and compliance with its rules. Within this framework, it has hierarchical and functional authority over the compliance teams of Group entities.

The Group Compliance Service Unit is organised around three broad categories of non-compliance risks :

- financial security: know your customer (KYC); compliance with the rules and regulations on international sanctions and embargoes; countering money laundering and terrorist financing (AML/CTF), including reporting suspicious transactions to the appropriate financial intelligence authority when necessary,
- regulatory risks: customers protection; integrity of the financial markets; countering bribery and corruption, ethics and good conduct; compliance with regulations related to tax transparency (based on knowledge of clients' tax profile); compliance with regulations on social and environmental responsibility and the Group's commitments,
- protection of data, including personal data and in particular those of customers;

- **the Corporate Secretary** brings together:

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

- **the Human Resources and Communication Department** monitors the implementation of compensation policies, amongst other things;
- **the Corporate Resources and Innovation Department** is specifically responsible for defining the policies to be applied in matters of information systems and information systems security policies;
- **the Group Internal Audit and General Inspection Department** is in charge of internal audits and reports to the Head of Group Internal Audit.

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

- the definition and strategic management of the Group's CSR ambition,
- support for the CSR transformation of Business and Service Units,
- the contribution towards promoting the Group's CSR influence. ▲

According to the last census carried out on 31 December 2021, the full-time equivalent (FTE) workforce of:

- the Group's Risk Department for the second line of defence represents approximately 4,609 FTEs (1,550 within the Group's Risk Department itself and 3,059 for the rest of the Risk function);
- the Compliance Department or the second line of defence represents approximately 2,870 FTEs;
- the Information System Security Department totals approximately 635 FTEs.

Risk reporting and assessment systems

The Group's risk measurement systems serve as the basis for the production of internal management reports allowing the monitoring of the Group's main risks (credit risk, counterparty, market, operational, liquidity, structural, settlement/delivery) as well as the monitoring of compliance with the regulatory requirements.

The risk reporting system is an integral part of the Group's risk management system and is adapted to its organisational structure. The various indicators are thus calculated at the level of the relevant legal entities and Business Units and serve as the basis for the various reportings. Departments established within the Risk, Finance and Compliance sectors are responsible for measuring, analysing and communicating these elements.

Since 2015, the Group has defined architecture principles common to the Finance and Risk functions, the TOM-FIR principles (Target Operating Model for Finance & Risk), in order to guarantee the consistency of the data and indicators used for internal management and regulatory production. The principles revolve around:

- Risk and Finance uses, whether at the local level and at the various levels of consolidation subject to an organised system of "golden sources", with a collection cycle adapted to the uses;
- common management rules and language to ensure interoperability;
- consistency of Finance and Risk usage data, via strict alignment between accounting data and management data.

The Group produces, *via* all of its internal reports for internal monitoring purposes by the Business Units and Service Units, a large number of **risk metrics** constituting a measure of the risks monitored. Some of these metrics are also produced as part of the transmission of regulatory reports or as part of the publication of information to the market.

The Group selects from these metrics a set of **major metrics**, able to provide a summary of the Group's risk profile and its evolution at regular intervals. These metrics concern both the Group's financial rating, its solvency, its profitability and the main risks (credit, market, operational, liquidity and financing, structural, model) and are included in the reports intended for internal management bodies.

They are also subject to a framework defined and broken down in line with the Group's risk appetite, giving rise to a procedure for reporting information in the event of breaches.

Thus, the risk reports intended for the management bodies are guided in particular by the following principles:

- coverage of all significant risks;
- combination of a global and holistic view of risks and a more in-depth analysis of the different types of risk;
- overview supplemented by focus on certain specific scopes, forward-looking elements (based in particular on the presentation of elements on the evolution of the macro-economic context) and elements on emerging risks;
- balance between quantitative data and qualitative comments.

The main Risk reports for management bodies are:

- monthly reporting to the Risk Committee of the Board of Directors aims to provide an overview of changes in the risk profile.

A dashboard for monitoring the Group's Risk Appetite Statement indicators is also sent quarterly to the Board of Directors. These indicators are framed and presented using a "traffic light" approach (with distinction between thresholds and limits) in order to visually present monitoring of compliance with risk appetite. In addition, a compliance dashboard and a reputation dashboard are sent to the Risk Committee of the Board of Directors and provide an overview of each non-compliance risk:

- monthly reporting to the Group Risk Committee (CORISQ) aims to regularly provide this committee with a risk analysis under its supervision, with a greater level of detail than reporting to the Risk Committee of the Board of Directors. In particular, a summary of the main credit files over the period covered by the reporting is presented;
- reporting to the Finance Committee (COFI) for General Management gives rise in particular to the following two reports: a "Scarce resources trajectory" report allowing budget execution to be monitored and a "Structural risk monitoring (ALM)" report » making it possible to monitor compliance with the thresholds and limits relating to liquidity risks and structural interest and exchange rate risks;
- the quarterly reporting of the Group Compliance Committee (COMCO) to General Management: the COMCO provides via dedicated reporting an overview of the main non-compliance risks, raises points of attention on compliance topics Group, decides on the main orientations and defines the Group principles in terms of compliance;
- the quarterly reporting of the Provisions Committee (COPRO) to General Management is intended to provide an overview of changes in the level of provisions at Group level. In particular, it presents the change in the net charge of the cost of risk by pillar, by Business Unit and by stage;

- reporting by the Group Internal Control Coordination Committee (GICCC) to General Management: this committee reviews, on the basis of a standardised dashboard for all Business Units/Service Units, the efficiency and the consistency of the permanent control system implemented within the Group, as well as, within the framework of the Risk Internal Governance Assessment (RIGA) process, the ability of the Risk function to exercise its role as the 2nd line of defence in the whole group. Finally, the Risk Department contributes, as a permanent member, to all GICCC meetings, through position papers on the subjects under review.

Although the above reports are used at Group level to monitor and review the Group's risk profile in a global manner, other reports are transmitted to the Board of Directors or to the General Management in order to monitor and control certain types specific risks.

Ad hoc reports can also be produced. By way of illustration, the Group had to adapt its risk management system from the start of the Covid-19 crisis in March 2020. Governance was also strengthened during this period thanks to the activation of cells crisis and the implementation of dedicated reports, whether intended for General Management, the Board of Directors or the supervisor, produced at a higher frequency and including indicators adapted to the context (monitoring of sectors of activity sensitive/weakened by the economic crisis, business continuity, etc.). This crisis mechanism was gradually eased in 2021.

Additional information on risk reporting and assessment systems by type of risk is also presented in the following chapters.

INTEREST RATE BENCHMARK REFORM

Presentation of the reform

Audited I The interest rate benchmark reform (IBOR: InterBank Offered Rates), initiated by the Financial Stability Board in 2014, aims at replacing these benchmark rates with alternative rates, in particular the Risk-Free Rates (RFR). This reform accelerated on 5 March 2021, when the Financial Conduct Authority, the supervisor of LIBOR, announced the official dates for the cessation of loss of representativeness:

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

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

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

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

Impact of the reform for the Societe Generale Group

The Societe Generale Group supports these reforms and takes an active part in the working groups set up by the central banks of the currencies concerned. The Group is actively preparing for these changes, through specific transition program put in place in Summer 2018 and supervised by the Finance division.

For this purpose, the Group has undertaken active awareness and communication campaigns for its customers, supplemented by a monthly newsletter and a question and answer kit on the IBOR transition publicly available on the Societe Generale website.

With the cessation deadlines announced for LIBOR and EONIA in mind, the public authorities and the working groups set up by the central banks issued recommendations to the industry. These recommendations aim at stopping the production of new contracts referencing these indexes as well as at migrating the existing contracts referencing said indexes to alternative benchmark rates.

To ensure a consistent approach throughout the Societe Generale group, an internal Committee has been formed. Its role is to issue periodical orientations reflecting the market trends and recommendations from regulators and their working groups. At the time of writing of this note, ten internal guidelines have been issued and cover three main themes:

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

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

In order to acquire the capacity to deal on products referencing RFRs and thus ensure the continuity of its business after the disappearance of LIBOR and EONIA, the Societe Generale group updated its tools and processes in line with the major calculation methods recommended by the relevant working groups or professional associations. Nevertheless, the Group continues monitoring the developments in the use of RFRs and other alternative rates in order to implement any new conventions and meet its customers' needs.

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

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

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

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

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

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

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

This table has been produced based on the project monitoring data and on the legal status of the contracts migration. At the end of January 2022, there were no significant exposures on the indexes ceasing to be representative as at 31 December 2021. ▲

AUDITED I TABLE 1: FINANCIAL ASSETS AND LIABILITIES AND DERIVATIVES IMPACTED BY THE INTEREST RATE BENCHMARKS REFORM

(In EURbn)

Current interest rate benchmarks ⁽⁵⁾	New risk-free rates liable to replace the current interest rate benchmarks	2021		
		Outstanding principal		Notional ⁽¹⁾
		Financial assets ⁽²⁾ (excl. derivatives) impacted by the reform	Financial liabilities ⁽³⁾ (excl. derivatives) impacted by the reform	Derivatives ⁽⁴⁾ impacted by the reform
Indices whose listing ends on 31/12/2021 – Exposures as at 31 January 2022		1	0	0
EONIA - Euro OverNight Index Average	Euro Short-Term Rate (€STR)	0	0	0
LIBOR - London Interbank Offered Rate – GBP	Reformed Sterling Overnight Index Average (SONIA)	1	0	0
LIBOR - London Interbank Offered Rate - CHF	Swiss Average Rate Overnight (SARON)	0	0	0
LIBOR - London Interbank Offered Rate – JPY	Tokyo OverNight Average (TONA)	0	0	0
LIBOR - London Interbank Offered Rate – EUR	Euro Short-Term Rate (€STR)	0	0	0
Indices whose listing ends on 30/06/2023 – Exposures as at 30 November 2021		35	3	2,403
LIBOR - London Interbank Offered Rate - USD	Secured Overnight Financing Rate (SOFR)	35	3	2,397
SOR - Singapore Dollar Swap Offer Rate	Singapore Overnight Rate Average (SORA)	0	0	6

(1) Notional used in combination with an interest rate benchmark in order to calculate derivative cash flows.

(2) Including accounts receivable, loans, securities received under repurchase agreements, debt securities bearing interest at variable rates.

(3) Including deposits, borrowings, transactions on securities delivered under repurchase agreements, debt issued in the form of securities bearing interest at variable rates.

(4) Including firm instruments (swaps and futures) and conditional instruments.

(5) Only the major interest rate benchmarks impacted by the IBOR reform are presented in this table. The EURIBOR construction methodology was reformed in 2019 and revised in 2020. Its cessation was announced neither by EMMI – its administrator – nor by ESMA – its regulator. Contracts exposed to this rate are therefore no longer presented in this table.

RISKS ASSOCIATED WITH RATE REFORM

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

- program governance and execution risk, liable to cause delays and loss of opportunities, is monitored as part of the work of regular Committees and arbitration bodies;
- legal documentation risk, liable to lead to post-transition litigations, is managed through fallback clauses inserted in the contracts depending on the availability of market standards;
- market risk, with the creation of a basis risk between the rate curves associated with the different indexes, is the subject of close monitoring and supervision;
- operational risks in the execution of the transition of transactions, depending in particular on the willingness and preparedness of our counterparties, the volume of transactions to be migrated and their spread over time;
- liquidity risk related to increased drawdowns in a context of increased credit costs; the relevance of the integration of this component into the liquidity models will be assessed during the annual review of the drawdown models;
- regulatory risk managed according to the Group guidelines which are in line with the recommendations of the regulators and working groups on the LIBOR transition; these guidelines concern the products which, by exception, continue referencing USD LIBOR;
- misconduct risk, related to the end of LIBOR, notably managed through:
 - specific guidelines detailed by business line,
 - training of the teams,
 - communications to customers (conferences, events, bilateral discussions in particular with the less informed customers) are organised on the transition-related risks, the alternative solutions that may be implemented, and on how they could be affected. ▲

4.3 INTERNAL CONTROL FRAMEWORK

4.3.1 INTERNAL CONTROL

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3 November 2014 modified by the Order of 25 February 2021. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee has defined four principles – independence, universality, impartiality, and sufficient resources – which underpin the internal control carried out by credit institutions.

The Board of Directors ensures that Societe Generale has a solid governance system and a clear organisation ensuring:

- a well-defined, transparent and coherent sharing of responsibilities;
- effective procedures for the detection, management, monitoring and reporting of risks to which the Company could be exposed.

The Board tasks the Group's General Management with rolling out the Group's strategic guidelines to implement this set-up.

The Audit and Internal Control Committee is a Board of Directors' Committee that is specifically responsible for preparing the decisions of the Board in respect of internal control supervision.

As such, General Management submits reports to the Audit and Internal Control Committee on the internal control of the Group. The Committee monitors the implementation of remediation plans when it considers the risk level to be justified.

Internal control is based on a **body of standards and procedures**.

All Societe Generale Group activities are governed by rules and procedures contained in a set of documents referred to collectively as the "Standard Guidelines", compiled in the Societe Generale Code, which:

- set out the rules for action and behavior applicable to Group staff;
- define the structures of the businesses and the sharing of roles and responsibilities;
- describe the management rules and internal procedures specific to each business and activity.

The Societe Generale Code groups together the standard guidelines which, in particular:

- define the governance of the Societe Generale Group, the structures and duties of its Business Units and Services Units, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, charters, etc.);
- set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Societe Generale Code has force of law within the Group and falls under the responsibility of the Group Corporate Secretary.

In addition to the Societe Generale Code, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the Bank's ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the Company's management body of the undertaking in its executive function.

Internal control in particular aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles**:

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group's entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the materiality of the risks involved;
- the independence of internal auditing.

The internal control framework is based on the “**three lines of defence**” model, in accordance with the Basel Committee and European Banking Authority guidelines:

- the **first line of defence** comprises all Group employees and operational management, both within the Business Units and the Services Units in respect of their own operations.

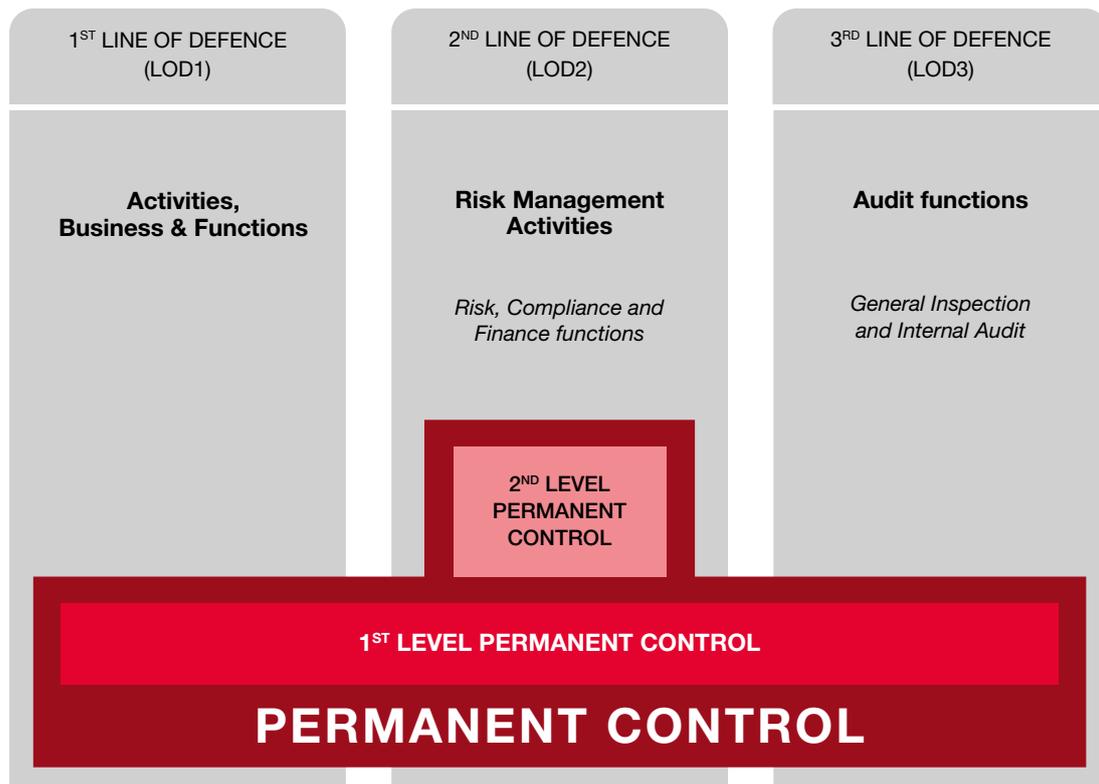
Operational management is responsible for risks, their prevention and their management (by putting in place first-level permanent control measures, amongst other things) and for implementing corrective or remedial actions in response to any deficiencies identified by controls and/or process steering;

- the **second line of defence** is provided by the risk and compliance functions, as well as by the finance function for the year 2021 (from the financial year 2022, the finance function will fall under the first line of defence).

Within the internal control framework, operational management is responsible for verifying the proper and continuous running of the risk security and management operation functions through the effective application of established standards, defined procedures, methods and requested controls.

Accordingly, these functions must provide the necessary expertise to define in their respective fields the controls and other means of risk management to be implemented by the first line of defence, and to ensure that they are effectively implemented; they conduct second-level permanent control over all of the Group’s risks, based in particular on the controls they have defined, as well as those defined, if necessary, by other expert functions (e.g. sourcing, legal, tax, human resources, information system security, etc.) and by the businesses;

- the **third line of defence** is provided by the Internal Audit Department, which encompasses the General Inspection and Internal Audit functions. This department performs periodic internal audits that are strictly independent of the business lines and the permanent control function;
- internal control coordination**, which falls under the responsibility of a Deputy Chief Executive Officer for the year 2021 and the Chief Executive Officer from 2022, is also provided at Group level and is rolled out in each of the departments and core businesses.



A Deputy Chief Executive Officer for 2021 and the Chief Executive Officer from 2022 is responsible for ensuring the overall consistency and effectiveness of the internal control system.

The Group Internal Control Coordination Committee is responsible for providing a consolidated overview of the Group’s internal control framework, assessing its effectiveness, completeness and consistency, taking corrective measures, and monitoring their implementation.

It is chaired by the Deputy Chief Executive Officer for 2021 and the Chief Executive Officer from 2022 and comprises the Chief Risk Officer, the Chief Financial Officer, the Group Chief Compliance Officer, the Group Chief Information Officer, the Head of Group Internal Audit, and the Head of Internal Control Coordination.

The Group Internal Control Coordination Committee met nine times in 2021. It addressed the following issues:

- review of the effectiveness and consistency of the Group internal control framework;
- review of the effectiveness of the permanent control in the Risk, Compliance and Finance Service Units, as well as the ability of the Risk and Compliance functions to exercise their role as the Second Line of defence for the Group;
- review of the Group quarterly permanent control dashboard prior to its communication to the Group Audit and Internal Control Committee (CACI);
- cross-business review of cybersecurity controls and outsourced activities controls.

The Supervisory Internal Control Coordination Committee (SICCC) performs the regular review of the internal control framework and of risks of every second BU/SU, assessing it in terms of efficiency, consistency and completeness, taking corrective actions and monitoring their implementation.

It is chaired by the representative of General Management (Chief Executive Officer Deputy Chief Executive Officer or Deputy General Manager) in charge of the area under review and brings together the Heads of the second line of defence (CPL, DFIN, RISQ), the Head of the Group's Information Systems (RESG), the Head of the third line of defence (IGAD), the Head of the Permanent Control Framework and the Coordination of Internal Control (DGLE/PIC), as well as the Heads Business Units and Service Units concerned with the agenda and transversal functions according to the agenda.

The organisation implemented at Group level to coordinate the actions of the various participants in internal control is coordinated in each Business Unit (BU) and Service Unit (SU). All of the Group's BUs and SUs have an Internal Control Coordination Committee. Chaired by the Head of the Business Unit or the Service Unit, these Committees bring together the competent Heads of Internal Audit and Permanent Control for the Business Unit and Service Unit in question, as well as the Head of Group Internal Control Coordination and the Heads of the Group-level control functions.

Permanent control system

The Group's permanent control system comprises:

- the **first-level permanent control**, which is the basis of the Group's permanent control, is performed by the businesses. Its purpose is to ensure the security, quality, regularity and validity of transactions completed at operational level;
- the **second-level permanent control**, which is independent of the businesses and concerns three departments, *i.e.* the Compliance, Risk and Finance Departments.

In 2018, General Management initiated a transformation programme of the Group's permanent control system, which is under its direct supervision. Through a set of actions focusing on areas such as standards, methods, tools, procedures and training, the programme served to consolidate the control culture and optimise risk control, and thus helps to improve the quality and the reliability of services provided to our customers and partners. In 2021, this programme has been finalised and closed, and the transfer of the long-term activities to operating teams has been completed.

FIRST-LEVEL PERMANENT CONTROL

Permanent Level 1 controls, carried out on operations performed by BUs and the SUs, ensure the security and quality of transactions and the operations. These controls are defined as a set of provisions constantly implemented to ensure the regularity, validity, and security of the operations carried out at operational level.

The permanent Level 1 controls consist of:

- **any combination of actions and/or devices that may limit the likelihood of a risk occurring or reduce the consequences for the Company:** these include controls carried out on a regular and permanent basis by the businesses or by automated systems during the processing of transactions, automated or non-automated security rules and controls that are part of transaction processing, or controls included in operational procedures. Also falling into this category are the organisational arrangements (*e.g.*, segregation of duties) or governance, training actions, when they directly contribute to controlling certain risks;

- **controls performed by managers:** line managers control the correct functioning of the devices for which they are responsible. As such, they must apply formal procedures on a regular basis to ensure that employees comply with rules and procedures, and that Level 1 controls are carried out effectively.

Defined by a Group entity within its scope, Level 1 controls include controls (automated or manual) that are integrated into the processing of operations, proximity controls included in operating procedures, safety rules, etc. They are carried out in the course of their daily activities by agents directly in charge of an activity or by their managers. These controls aim to:

- ensure the proper enforcement of existing procedures and control of all risks related to processes, transactions and/or accounts;
- alert management in the event of identified anomalies or malfunctions.

Permanent Level 1 controls are set by management and avoid, as far as possible, situations of self-assessment. They are defined in the procedures and must be traced without necessarily being formalised, *e.g.* preventive automated controls that reject transactions that do not comply with system-programmed rules.

In order to coordinate the operational risk management system and the permanent Level 1 control system, the BUs/SUs deploy a specific department called CORO (Controls & Operational Risks Office Department).

SECOND-LEVEL PERMANENT CONTROL

The permanent Level 2 control ensures that the Level 1 control works properly:

- the scope includes all permanent Level 1 checks, including managerial supervision checks and checks carried out by dedicated teams;
- this review and these audits aim to give an opinion on (i) the effectiveness of Level 1 controls, (ii) the quality of their implementation, (iii) their relevance (including, in terms of risk prevention), (iv) the definition of their *modus operandi*, (v) the relevance of remediation plans implemented following the detection of anomalies, and the quality of their follow-up, and thus contribute to the evaluation of the effectiveness of Level 1 controls.

The permanent level 2 control, control of the controls, is carried out by teams independent of the operational.

These controls are performed centrally by dedicated teams within Risk Service Unit (RISQ/CTL), Compliance Service Unit (CPL/CTL) and Finance Service Unit (DFIN/CTL) and locally by the second-level control teams within the BU/SUs or entities.

Internal audit

Reporting to the Group Head of Inspection and Audit, the Inspection and Audit Service Unit (IGAD) is the Group's third line of defence.

The IGAD Service Unit comprises General Inspection (IGAD/INS), Internal Audit Departments (IGAD/AUD) and a support function (IGAD/COO). To fulfill its mandate, the Group's IGAD Service Unit has adequate resources from a qualitative and quantitative point of view. The Group's Inspection and Audit Service Unit has about 1,100 employees.

The Group Head of Inspection and Audit reports directly to the Group Chief Executive Officer, with whom it holds regular meetings. The Group Head of Inspection and Audit meets regularly with the Chairman of the Board of Directors. The Audit and Internal Control Committee and the Risk Committee refer to the Group Head of Inspection and Audit on their initiative or at his request on any subject. The Group Head of Inspection and Audit participates in the Internal Control Committee and the Risk Committee meetings. Moreover, bilateral meetings are held as needed between the Group Head of Inspection and Audit and the chairpersons of these Committees.

The Inspection and Audit Service Unit (IGAD) is part of the Group's internal control framework. IGAD carries out an internal audit mandate through its missions. In its role as the third line of defence, it is strictly independent from the Group's business units and permanent control functions.

In line with standards set by the IIA (Institute of Internal Auditors), IGAD's internal audit mandate is defined as an independent and objective activity that provides the Group with assurance as to how effectively it is controlling its operations, advises on improvements and contributes to the creation of added value. By carrying out this mandate, Inspection and Internal Audit help the Group to achieve its targets by evaluating systematically and methodically its processes for risk management, control and corporate governance and making recommendations to increase their efficiency.

The Inspection and Audit Service Unit exercises a key role in the Group's risk management set-up and can assess any of its components.

Under this mandate, the General Inspection and Internal Audit assess (i) the quality of risk management within an audited scope, (ii) the permanent control framework is adequately structured and effective, (iii) management's risk awareness and compliance with conduct rules and expected professional practices.

Whilst Audit Departments perform solely an internal audit role, General Inspection has, in addition to its internal audit role, a mandate to undertake other assignments such as any type of analysis or research, be involved in the assessment of strategic projects or intervene on specific subjects as requested by General Management. Such assignments, limited with regards to resources dedicated to them, are carried out within a framework ensuring that ethical principles defined in Institute of Internal Auditors' Standards are being met.

The General Inspection also supervises the rollout of data-analysis initiatives within the scope of Inspection and Audit activities. This mission is ensured *via* a dedicated data-lab (INS/DAT), under the responsibility of an Inspection Managing Director (*Inspecteur principal*). The General Inspection also supervises and coordinates the Service Unit's relationship with regulators.

IGAD centrally has six distinct Audit Departments. Each of these Audit Departments is placed under the supervision of a Head of internal Audit responsible for the auditing on a specific scope of activities. A matrix organisation allows coverage of the main cross-business issues at Group level. In France, the Internal Audit teams are hierarchically linked to the Inspection unit. Audit Department heads based in branches or affiliates overseas report to the local entity's head. However, in their internal audit role they report directly to the Internal Audit Head in charge of their region or entity.

Inspection and Audit teams work together on an annual risk assessment to define the Inspection and Audit plans for the upcoming year. IGAD teams regularly work together on joint assignments. They issue recommendations to correct issues identified in risk management and generally improve operations and risk management. IGAD teams are subsequently in charge of monitoring the effective implementation of these recommendations.

4.3.2 CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL MANAGEMENT INFORMATION

The participants involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its **Audit and Internal Control Committee**, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Audit and Internal Control Committee's remit also is to monitor the independence of the Statutory Auditors, and the effectiveness of the internal control, measurement, supervision and control systems for risk related to the accounting and financial processes. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their assignment;
 - the **Group Finance Department** gathers the accounting and management data compiled by the subsidiaries and the Business Units/Services Units in a set of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.). It also has a team in charge of the preparation of the Group regulatory reports;
- In the framework of these missions, it is in charge of:
- monitoring the financial aspects of the Group's capital transactions and its financial structure,
 - managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks,
 - ensuring that the regulatory financial ratios are respected,
 - defining accounting and regulatory standards, frameworks, principles and procedures for the Group, and ensuring that they are observed,
 - verifying the accuracy of all financial and accounting data published by the Group;
- the **Finance Departments of subsidiaries and Business Units/Services Units** carry out certification of the accounting data and entries booked by the back offices and of the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Department. They can perform these activities on their own or else delegate their tasks to Shared Service Centres operating in finance and placed under Group Finance Department governance;
 - the **Risk Department** consolidates the risk monitoring data from the Group's Business Units/Services Units and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, it ensures in collaboration with the Group Finance Department, its expert role on the dimensions of credit risk, structural liquidity risks, rates, exchange rates, on the issues of recovery and resolution and the responsibility of certain closing processes, notably the production of solvency ratios;

- the **Back offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

Accounting and regulatory standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Department, which are based on IFRS as adopted by the European Union.

The applicable standards on solvency and liquidity, promulgated by the Basel Committee, were translated into European law by a directive (CRD4) and a regulation (CRR). They were rounded out by the Regulation CRR2 and the Directive CRD5 which entered into force on 28 June 2019. These texts are supplemented by several delegated acts and implementation technical standards. As the Societe Generale Group is identified as a "financial conglomerate", it is subjected to additional supervision.

The Group Finance Department has dedicated teams that monitor the applicable standards and draft new internal standards to comply with any changes in the accounting and regulatory framework.

Procedures for producing financial and accounting data

Each entity in the consolidation scope of the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Finance Department or delegated to financial shared service centres acting under their responsibility and sent to the Group Finance Department. The Group Finance Department forwards the consolidated financial statements, Management Reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific adaptation action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices and the sales teams.

The quality and objectivity of the accounting and management data are ensured by the separation of sales functions and all the functions of operational processing and follow-up of the operations: back offices and middle offices integrated into Resources Department and teams in charge of result production integrated into Finance Department. These teams carry out a series of controls defined by Group procedures on financial and accounting data, in particular:

- verification of the economic justification of all information reported;

- reconciliation of accounting and management data, using specific procedures, respecting the specified deadlines;
- for market activities, reconciliation between the accounting result, produced by the Finance Department and the economic result, produced by a dedicated expert department in the Risk Department.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

CONTROL BY THE FINANCE DEPARTMENTS

The Finance Department of each subsidiary checks the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries after they have been locally brought into compliance with Group accounting principles.

Each subsidiary must be able to explain the transition from the Company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of the Business Units/Services Units have a dedicated department for financial management and control.

CONTROL BY THE FINANCIAL SHARED SERVICE CENTRES

Financial shared service centres perform the first-level controls necessary to ensure the reliability of accounting, tax and regulatory information on the financial statements they produce in accordance with local and IFRS standards and notably data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards), justification and certification of the financial statements under their responsibility, intercompany reconciliation of the financial statements, regulatory statement checks and verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared as part of the managerial supervision and Group accounting certification processes.

These controls allow the Shared Services Centres to provide all necessary information to the Finance Departments of Business Units/Services Units and the Group Finance and Accounting Department to ensure the reliability and consistency of the accounts prepared.

SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the financial statements prepared by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The service in charge of consolidation in the Group Accounting Officer Department checks that the consolidation scope complies with the applicable accounting standards and performs multiple checks on data received for consolidation purposes. These checks include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Last, this service ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year are also analysed.

A team in this department is in charge of managing and coordinating the quarterly Group accounting certification framework to certify first-level controls on a quarterly basis (internal control certification).

The Group Finance Department has also a dedicated team, it which is responsible for ensuring second-level permanent controls on all Finance processes and for implementing the framework within the Group. Its mission is to ensure the effectiveness, quality and relevance of the Level 1 control framework by assessing it through process or activity reviews, testing controls and quarterly certifications. The team, reporting directly to the Group Finance Department, also reports to the Head of Permanent & Internal Control Division of Societe Generale Group.

Accounting audit framework

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity *via* a permanent supervision process under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS THROUGH AUDITS AND SPECIALISED AUDIT TEAMS OF THE INTERNAL AUDIT DEPARTMENT

Internal Audit and the General Inspection define their audits and inspections using a risk-based approach and define an annual work programme (*Inspection and Audit plan schedule - plan de tournée*). As part of their assignments, teams may verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They may check a certain number of accounts and assess the reconciliations between accounting and management data, as well as the quality of the

permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The department in charge of auditing the Group's Central Departments is responsible for auditing the Group Finance Department. Within that department, a distinct team, placed under the responsibility of a dedicated Audit Business Correspondent monitors and animates audit work related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and develops training sessions and methodologies to help share expertise in the auditing of accounting risks.

Audit missions pertaining to accounting matters are carried out by that team, for the subjects considered as the most material for the accuracy of the Group's accounting information, as well as by Audit Departments based in the Group's entities.

Based on their findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data. Departments being assigned these recommendations are responsible for their implementation. A monitoring is performed by IGAD.

4.4 CAPITAL MANAGEMENT AND ADEQUACY

4.4.1 THE REGULATORY FRAMEWORK

Audited I Since January 2014, Societe Generale has applied the Basel III regulations implemented in the European Union through a regulation and a directive (CRR and CRD4 respectively).

The general framework defined by Basel III is structured around three pillars:

- Pillar 1 sets the minimum solvency, leverage and liquidity requirements and defines the rules that banks must use to measure risks and calculate the related capital requirements, according to standard or more advanced methods;
- Pillar 2 concerns the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements taking into account all the risks to which these institutions are exposed;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to better assess a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

Several amendments to European regulatory standards were adopted in May 2019 (CRR2/CRD5). The majority of these provisions entered into force in June 2021.

The amendments include:

- NSFR: The text introduces the regulatory requirements for the NSFR ratio. A ratio of 100% must now be respected from June 2021;
- Leverage ratio: the minimum requirement of 3% to which will be added, from 2023, 50% of the buffer required as a systemic institution;
- Derivatives counterparty risk (SA-CCR): the "SA-CCR" method is the Basel method replacing the "CEM" method for determining prudential exposure to derivatives in a standard approach;
- Large Risks: the main change is the calculation of the regulatory limit (25%) on Tier 1 (instead of total own funds), as well as the introduction of a specific cross-limit on systemic institutions (15%);
- TLAC: The ratio requirement for G-SIBs is introduced in CRR. In accordance with the Basel text, G-SIBs must respect an amount of own funds and eligible debt equal at the most between 16%+weighted risk capital buffers and 6% of leverage exposure in 2019, with the ratio increasing to 18%+risk-weighted buffers and 6.75% leverage in 2022.

With regard to the implementation of the market risk reform (FRTB), after the publication of the first revised standard in January 2016 and of the consultation in March 2018 on this subject, the Basel Committee published in January 2019 its final text: BCBS457. In March 2020, the Basel Committee announced a one-year delay in the implementation of FRTB (1 January 2023 instead of 1 January 2022 as originally planned in the January 2019 text).

The European FRTB calendar would be as follows:

- regarding reporting requirements:
 - the Standardised Approach (SA) has been effective since Q3 2021,
 - for the Internal Model Approach (IMA), reporting should start three years after the publication in the Official Journal of the European Union (OJEU) of three technical standards (RTS) of the EBA, which are expected for Q1 2022;
- the capital requirements for FRTB: a two-year postponement (i.e. to 1 January 2027) could be applied in the event of unlevel playing field with the United States.

In December 2017, the Group of Central Bank Governors and Heads of Supervision (GHOS), the Basel Committee's oversight body, endorsed the regulatory reforms aiming to complete Basel 3.

A first version of the transposition text was published by the European Commission on 27 October 2021 ("CRR3 - CRD6") and will serve as support for the European Trialogue. The text will then have to be voted on by Parliament to become applicable.

These new rules, which were to take effect from 2022, have been postponed to January 2025 with an overall output floor: the risk-weighted assets (RWA) will be floored to a percentage of the standard method (credit, market and operational). The output floor level will increase gradually, from 50% in 2025 to 72.5% in 2030. ▲

In the face of the health crisis and of its economic and financial consequences, a number of measures have been taken by the supervisory and regulatory authorities in 2020. Some of them are still in force. For example, the ECB announced the possibility of operating below the conservation cushion (CCB), as well as the countercyclical (CCyB) and the Systemic Risk Buffer (0% in France) cushions.

Moreover, the European Parliament and the Council reached an agreement through the CRR "quick fix" regulation, implemented as of 30 June 2020 part of whose provisions consisted in anticipating the implementation of CRR2/CRD5 measures that improve banks' CET1 capital. The "quick fix" has postponed the implementation of the leverage buffer (0.5% for the Group) from 1 January 2022 to 1 January 2023 to be in line with the recommendation of the Basel Committee.

In 2021, the level of additional capital requirements in respect of Pillar 2 (P2R or "Pillar 2 Requirement"), effective since 1 March 2019, remained at 1.75%. In 2022, the European Central Bank notified the level of requirement in respect of P2R (Pillar 2 Requirement) for Societe Generale, which will apply from 1 March 2022. This level stands at 2.12%, including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

Detailed information on the G-SIB requirements and other prudential information are available on the Group website, www.societegenerale.com.

Throughout 2021, Societe Generale complied with the minimum ratio requirements applicable to its activities.

4.4.2 CAPITAL MANAGEMENT

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

- maintaining its financial strength and respecting the risk appetite;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- allocating adequate capital to the various businesses, according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures and explains the evolution of the Group's capital ratios over time, taking into account any future regulatory constraints and changes in the scope. ▲

This process is based on a selection of key metrics that are relevant to the Group in terms of risk and capital measurement, such as CET1, Tier 1 and Total Capital ratios. These regulatory indicators are supplemented by an assessment of the coverage of internal capital needs by available CET1 capital, thus confirming the relevance of the targets set in the risk appetite. In addition, this assessment takes into account the constraints arising from the other metrics of the risk appetite, such as rating, MREL, TLAC and leverage ratio.

All these indicators are measured on a forward-looking basis in relation to their target on a quarterly or even monthly basis for the current year. During the preparation of the financial plan, they are also assessed on an annual basis over a minimum of three-year horizon according to a baseline and adverse scenarios, in order to demonstrate the resilience of the bank's business model against adverse macroeconomic and financial environments. Capital adequacy is continuously monitored by the General Management and by the Board of Directors as part of the Group's corporate governance process and is reviewed in depth during the preparation of the financial plan. It ensures that the bank always complies with its financial target with a buffer above the "Maximum Distributable Amount" (MDA) threshold.

In addition, the Group maintains a balanced capital allocation among its three strategic core businesses:

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

Each of the Group's core businesses accounts for around a third of total Risk-Weighted Assets (RWA), with a predominance of credit risk (84% of total Group RWA, including counterparty credit risk).

At 31 December 2021, Group RWA were up 3% to EUR 363 billion, compared with EUR 352 billion at end-December 2020.

The evolution of the business lines' RWA lies at the core of the operational management of the Group's capital trajectory based on a detailed understanding of the vectors of variations. Where appropriate, the General Management may decide, upon a proposal from the Finance Department, to implement managerial actions to increase or reduce the share of the business lines, for instance by validating the execution of synthetic securitisation or of disposals of performing or non-performing portfolios.

4.4.3 SCOPE OF APPLICATION - PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully consolidated entities, with the exception of insurance entities, which are subject to separate capital supervision.

All regulated entities of the Group comply with their prudential commitments on an individual basis.

Non-regulated entities outside of the scope of prudential consolidation are subject to periodic reviews, at least annually.

The following table provides the main differences between the accounting scope (consolidated Group) and the prudential scope (Banking Regulation requirements).

TABLE 2: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment
Entities with a finance activity	Full consolidation	Full consolidation
Entities with an Insurance activity	Full consolidation	Equity method
Holdings with a finance activity by nature	Equity method	Equity method
Joint ventures with a finance activity by nature	Equity method	Proportional consolidation

The following table provides a reconciliation between the consolidated balance sheet and the accounting balance sheet within the prudential scope. The amounts presented are accounting data, not a measure of RWA, EAD or prudential capital. Prudential filters related to entities and holdings not associated with an insurance activity are grouped together on account of their non-material weight (< 0.1%).

TABLE 3: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

ASSETS at 31.12.2021 (In EURm)	Balance sheet as in published financial statements	Prudential restatements linked to insurance ⁽¹⁾	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation
Cash, due from banks	179,969	(0)	0	179,969
Financial assets at fair value through profit or loss	342,714	11,128	(0)	353,842
Hedging derivatives	13,239	30	-	13,269
Financial assets at fair value through other comprehensive income	43,450	(0)	-	43,450
Securities at amortised cost	19,371	(0)	-	19,371
Due from banks at amortised cost	55,972	(0)	90	56,062
<i>o.w. subordinated loans to credit institutions</i>	99	(0)	-	99
Customer loans at amortised cost	497,164	1,575	(6)	498,733
Revaluation differences on portfolios hedged against interest rate risk	131	-	-	131
Investment of insurance activities	178,898	(178,898)	-	-
Tax assets	4,812	(195)	0	4,617
<i>o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences</i>	1,719	-	(622)	1,096
<i>o.w. deferred tax assets arising from temporary differences</i>	2,111	-	378	2,489
Other assets	92,898	(2,654)	114	90,357
<i>o.w. defined-benefit pension fund assets</i>	85	-	-	85
Non-current assets held for sale	27	-	-	27
Investments accounted for using the equity method	95	4,629	(76)	4,649
Tangible and intangible assets	31,968	(163)	0	31,805
<i>o.w. intangible assets exclusive of leasing rights</i>	2,733	-	(134)	2,599
Goodwill	3,741	(325)	-	3,416
TOTAL ASSETS	1,464,449	(164,873)	121	1,299,698

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2021 (In EURm)	Balance sheet as in published financial statements	Prudential restatements linked to insurance ⁽¹⁾	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation
Due to central banks	5,152	-	-	5,152
Financial liabilities at fair value through profit or loss	307,563	1,854	-	309,418
Hedging derivatives	10,425	4	-	10,429
Debt securities issued	135,324	432	-	135,757
Due to banks	139,177	(2,574)	49	136,652
Customer deposits	509,133	1,002	(121)	510,013
Revaluation differences on portfolios hedged against interest rate risk	2,832	-	-	2,832
Tax liabilities	1,577	(299)	0	1,279
Other Liabilities	106,305	(8,962)	193	97,536
Non-current liabilities held for sale	1	-	-	1
Liabilities related to insurance activities contracts	155,288	(155,288)	-	-
Provisions	4,850	(23)	-	4,827
Subordinated debts	15,959	40	-	15,999
<i>o.w. redeemable subordinated notes including revaluation differences on hedging items</i>	15,519	42	-	15,561
TOTAL DEBTS	1,393,586	(163,813)	122	1,229,894
Subtotal Equity, Group share	65,067	(202)	(0)	64,865
<i>Issued common stocks, equity instruments and capital reserves</i>	29,447	1	-	29,448
<i>Retained earnings</i>	30,631	(203)	(0)	30,428
<i>Net income</i>	5,641	0	-	5,641
<i>Unrealised or deferred capital gains and losses</i>	(652)	0	(0)	(653)
Minority interests	5,796	(858)	-	4,939
TOTAL EQUITY	70,863	(1,060)	(0)	69,804
TOTAL LIABILITIES	1,464,449	(164,873)	121	1,299,698

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

Some accounting work detailed in Chapter 6 of the present Universal Registration Document (as well as in the Group's financial statements published on 10 February 2022) have led to the restatement of comparative data on the balance sheet as at 31 December 2020. The main impact (amounting to EUR 17.5 billion) is linked with the review of the offsets between financial assets and liabilities done by the

Group in 2021, enabling the identification of revaluations of transaction derivatives wrongly recognised on the liabilities side of the balance sheet instead of being booked in reduction of the assets and conversely, as well as inconsistencies in the accounting schemes of the macro hedging activities with the same impacts on the presentation of the balance sheet.

ASSETS at 31.12.2020 <i>(In EURm)</i>	Balance sheet as in published financial statements	Prudential restatements linked to insurance⁽¹⁾	Prudential restatements linked to consolidation methods	Balance sheet under regulatory scope of consolidation
Cash, due from banks	168,179	(0)	0	168,179
Financial assets at fair value through profit or loss	411,916	10,966	(0)	422,882
Hedging derivatives	20,667	22	-	20,689
Financial assets at fair value through other comprehensive income	52,060	(0)	-	52,060
Securities at amortised cost	15,635	(0)	-	15,635
Due from banks at amortised cost	53,380	0	214	53,594
<i>o.w. subordinated loans to credit institutions</i>	97	(0)	-	97
Customer loans at amortised cost	448,761	1,543	(5)	450,299
Revaluation differences on portfolios hedged against interest rate risk	378	-	-	378
Investment of insurance activities	166,854	(166,854)	-	-
Tax assets	4,995	(88)	0	4,907
<i>o.w. deferred tax assets that rely on future profitability excluding those arising from temporary differences</i>	1,840	-	(613)	1,227
<i>o.w. deferred tax assets arising from temporary differences</i>	2,261	-	436	2,697
Other assets	67,341	(2,529)	50	64,862
<i>o.w. defined-benefit pension fund assets</i>	52	-	-	52
Non-current assets held for sale	6	-	-	6
Investments accounted for using the equity method	100	4,668	(76)	4,692
Tangible and intangible assets	30,088	(166)	0	29,922
<i>o.w. intangible assets exclusive of leasing rights</i>	2,485	-	(140)	2,345
Goodwill	4,044	(325)	-	3,719
TOTAL ASSETS	1,444,404	(152,763)	183	1,291,824

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

LIABILITIES at 31.12.2020 <i>(In EURm)</i>	Balance sheet as in published financial statements	Prudential restatements linked to insurance⁽¹⁾	Prudential restatements linked to consolidation methods	Accounting balance sheet within the prudential scope
Due to central banks	1,489	-	-	1,489
Financial liabilities at fair value through profit or loss	372,705	2,031	-	374,736
Hedging derivatives	12,461	10	-	12,471
Debt securities issued	138,957	823	-	139,780
Due to banks	135,571	(2,710)	43	132,904
Customer deposits	456,059	1,438	(58)	457,439
Revaluation differences on portfolios hedged against interest rate risk	7,696	-	-	7,696
Tax liabilities	1,227	(294)	0	933
Other Liabilities	84,937	(6,881)	198	78,254
Non-current liabilities held for sale	-	-	-	-
Liabilities related to insurance activities contracts	146,126	(146,126)	-	-
Provisions	4,732	(20)	-	4,712
Subordinated debts	15,432	40	-	15,472
<i>o.w. redeemable subordinated notes including revaluation differences on hedging items</i>	15,001	40	-	15,041
TOTAL DEBTS	1,377,392	(151,690)	183	1,225,885
Subtotal Equity, Group share	61,710	(202)	(0)	61,508
<i>Issued common stocks, equity instruments and capital reserves</i>	31,628	0	-	31,628
<i>Retained earnings</i>	32,102	(202)	(0)	31,900
<i>Net income</i>	(258)	(0)	-	(258)
<i>Unrealised or deferred capital gains and losses</i>	(1,761)	(0)	(0)	(1,762)
Minority interests	5,302	(871)	-	4,431
TOTAL EQUITY	67,012	(1,074)	(0)	65,938
TOTAL LIABILITIES	1,444,404	(152,763)	183	1,291,824

(1) Restatement of entities excluded from the prudential scope and reconsolidation of intra-group transactions relating to these entities.

The main Group companies outside the prudential reporting scope are as follows:

TABLE 4: ENTITIES OUTSIDE THE PRUDENTIAL SCOPE

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Société Générale Strakhovanie Zhizni LLC	Insurance	Russia
Sogelife	Insurance	Luxembourg
SG Strakhovanie LLC	Insurance	Russia
Sogecap	Insurance	France
Komerčni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
SGL RE	Insurance	Luxembourg
Société Générale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Banque Pouyanne	Bank	France

Generally, all regulated Group undertakings are subject to solvency requirements set by their respective supervisory authorities. Regulated financial entities and affiliates outside of Societe Generale's prudential consolidation scope are all in compliance with their respective solvency requirements. As a general principle, all banks should be subject to double supervision, on a standalone basis and on a consolidated basis but the CRR allows, under specific conditions, waivers from the requirements on an individual basis granted by the competent authorities.

The supervisory authority accepted that some Group entities may be exempted from the application of prudential requirements on an individual basis or, where applicable, on a sub-consolidated basis. Terms and conditions of waiver of requirements granted by supervisors include a commitment to provide these subsidiaries with the Group's support to ensure their overall solvency and liquidity, as well as a commitment to ensure that they are managed prudently according to the applicable banking regulations.

The conditions for applying waivers regarding monitoring on an individual basis for a Parent Institution, as far as solvency and large exposure ratios are concerned, are defined by the CRR, which stipulates that two conditions have to be met:

- there is no significant obstacle, in law or in fact, current or anticipated, to the prompt transfer of equity capital or the rapid repayment of liabilities to the Parent Institution in a Member State;
- the risk assessment, measurement and control procedures that are useful for the purposes of supervision on a consolidated basis cover the Parent Institution in a Member State.

Accordingly, for instance, Societe Generale SA is not subject to prudential requirements on an individual basis.

Any transfer of equity or repayment of liabilities between the parent company and its entities is carried out in compliance with capital and liquidity requirements that are locally applicable.

4.4.4 REGULATORY CAPITAL

Reported in accordance with International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components.

Common Equity Tier 1 capital

According to the applicable regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interests limited by CRR/CRD4.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payments;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected losses on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

Additional Tier 1 capital

According to CRR/CRD4 regulations, Additional Tier 1 capital is made up of deeply subordinated notes that are issued directly by the Bank, and have the following features:

- these instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the Bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- they include neither a step-up in compensation nor any other incentive to redeem;
- they must have a loss-absorbing capacity;
- they might be haircut or converted when in resolution or independently of a resolution measurement;
- subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of Additional Tier 1 capital essentially apply to the following:

- AT1 hybrid treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum T1 requirement in the entities concerned.

Tier 2 capital

Tier 2 capital includes:

- undated deeply subordinated notes⁽¹⁾;
- dated subordinated notes;
- any positive difference between the sum of value adjustments and impairment losses on customer loans and receivables exposures managed under the IRB approach and expected losses, up to 0.6% of total credit RWA under the IRB approach;
- value adjustments for credit risk related to collective impairment losses on customer loans and receivables exposures managed under the standardised approach, up to 1.25% of total credit RWA.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares;
- holding of Tier 2 hybrid shares issued by financial sector entities;
- minority interests beyond the minimum capital requirement in the entities concerned.

All capital instruments and their features are detailed online (www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents).

(1) The undated deeply subordinated notes' remuneration will be paid from the distributable profits for the purposes of the consolidated prudential regulation.

TABLE 5: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR SOLVENCY CAPITAL REQUIREMENTS

(In EURm)	31.12.2020	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2021
Debt instruments eligible for Tier 1	8,830	883	(2,222)	-	512	8,003
Debt instruments eligible for Tier 2	12,587	2,011	(1,630)	(1,512)	364	11,820
TOTAL ELIGIBLE DEBT INSTRUMENTS	21,417	2,894	(3,852)	(1,512)	876	19,823

Solvency ratios

The solvency ratios are set by comparing the Group's equity (Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC)) with the sum of risk-weighted credit exposures and the capital requirement multiplied by 12.5 for market and operational risks. They are expressed as a percentage of RWA and according to the split of own funds i.e.: Common Equity Tier 1 (CET1), Tier 1 (T1) or Total Capital (TC).

Each quarter, the ratios are calculated following the accounting closing and then compared to the supervisory requirements.

The Pillar 1 regulatory minimum capital requirement is set at 4.5% for CET1, 6% for T1 and 8% for TC. This minimum remains stable over time.

The minimum Pillar 2 requirement (P2R) is set by the supervisor following the Supervisory Review and Evaluation Process (SREP). It has stood at 1.75% since 1 March 2019 and until 28 February 2022. From 1 March 2022, this level will stand at 2.12%, including the additional requirement regarding Pillar 2 prudential expectations on the provisioning of non-performing loans granted before 26 April 2019.

In addition to these requirements comes the overall buffer requirement which is the sum of:

- the mean of the countercyclical buffer rates of each country, weighted by the relevant credit risk exposures in these countries. As of 1 January 2022, Societe Generale's countercyclical buffer is equal to 0.04%;
- the conservation buffer in force since 1 January 2016 with a maximum level standing at 2.50% since 1 January 2019;
- the Group's G-SIB buffer imposed by the Financial Stability Board (FSB), which is equal to 1%.

As at 1 January 2022, taking into account the combined regulatory buffers, the phased-in CET1 ratio level that would trigger the Maximum Distributable Amount (MDA) mechanism stands at 9.02%. It will stand at 9.23% from 1 March 2022.

TABLE 6: BREAKDOWN OF PRUDENTIAL CAPITAL REQUIREMENT FOR SOCIETE GENERALE

	01.03.2022	01.01.2022	01.01.2021
Minimum requirement for Pillar 1	4.50%	4.50%	4.50%
Minimum requirement for Pillar 2 (P2R) ⁽¹⁾	1.19%	0.98%	0.98%
Minimum requirement for countercyclical buffer	0.04%	0.04%	0.04%
Minimum requirement for conservation buffer	2.50%	2.50%	2.50%
Minimum requirement for systemic buffer	1.00%	1.00%	1.00%
Minimum requirement for CET1 ratio	9.23%	9.02%	9.02%

(1) As per article 104a of the CRD5 directive, a minimum of 56% of P2R add-on has to be covered by CET1 capital (instead of 100% previously) and 75% by Tier 1 capital.

TABLE 7: REGULATORY CAPITAL AND SOLVENCY RATIOS⁽¹⁾

<i>(In EURm)</i>	31.12.2021	31.12.2020
Shareholders' equity (IFRS), Group share	65,067	61,684
Deeply subordinated notes	(8,003)	(8,830)
Perpetual subordinated notes	(0)	(264)
Group consolidated shareholders' equity net of deeply subordinated and perpetual subordinated notes	57,064	52,590
Non-controlling interests	4,762	4,378
Intangible assets	(1,828)	(1,647)
Goodwill	(3,408)	(3,710)
Dividends proposed (to the General Meeting) and interest expenses on deeply subordinated and perpetual subordinated notes	(2,345)	(557)
Deductions and regulatory adjustments	(4,410)	(3,764)
COMMON EQUITY TIER 1 CAPITAL	49,835	47,290
Deeply subordinated notes and preferred shares	8,003	8,830
Other additional Tier 1 capital	206	195
Additional Tier 1 deductions	(137)	(136)
TOTAL TIER 1 CAPITAL	57,907	56,179
Tier 2 instruments	11,820	12,587
Other Tier 2 capital	287	240
Tier 2 deductions	(1,527)	(1,422)
Total regulatory capital	68,487	67,584
TOTAL RISK-WEIGHTED ASSETS	363,371	351,852
Credit and counterparty credit risk-weighted assets	304,922	287,324
Market risk-weighted assets	11,643	15,340
Operational risk-weighted assets	46,806	49,188
Solvency ratios		
Common Equity Tier 1 ratio	13.71%	13.44%
Tier 1 ratio	15.94%	15.97%
Total capital ratio	18.85%	19.21%

(1) Ratios set in accordance with CRR2/CRD5 rules as published in June 2019, including Danish compromise for insurance, and taking into account the IFRS 9 phasing (fully-loaded CET1 ratio of 13.55% as at 31 December 2021, the phasing effect being +16 bps).

The solvency ratio as at 31 December 2021 stood at 13.7% in Common Equity Tier 1 (13.4% at 31 December 2020) and 15.9% in Tier 1 (16.0% at 31 December 2020) for a total ratio of 18.8% (19.2% at 31 December 2020).

Group shareholders' equity at 31 December 2021 totalled EUR 65.1 billion (compared with EUR 61.7 billion at 31 December 2020).

After taking into account non-controlling interests and regulatory adjustments, CET1 regulatory capital was EUR 49.8 billion at 31 December 2021, vs. EUR 47.3 billion at 31 December 2020. The Additional Tier One deductions mainly regard authorisations to buy back own Additional Tier 1 capital instruments as well as subordinated bank and insurance loans.

TABLE 8: CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS

<i>(In EURm)</i>	31.12.2021	31.12.2020
Unrecognised minority interests	(2,860)	(2,507)
Deferred tax assets	(1,096)	(1,226)
Prudent Valuation Adjustment	(911)	(884)
Adjustments related to changes in the value of own liabilities	254	289
Other	203	564
TOTAL CET1 REGULATORY DEDUCTIONS AND ADJUSTMENTS	(4,410)	(3,764)

The prudential deductions and restatements included in the “Other” category essentially involve the following:

- any positive difference between expected losses on customer loans and receivables managed under the internal ratings-based (IRB) approach, and the sum of related value adjustments and impairment losses;
- expected losses on equity portfolio exposures;
- unrealised gains and losses on cash flow hedges;
- assets from defined benefit pension funds, net of deferred taxes;
- securitisation exposures weighted at 1,250%, when these positions are excluded from the calculation of RWA.

4.4.5 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

The Basel III Accord has established the rules for calculating minimum capital requirements in order to more accurately assess the risks to which banks are exposed, taking into account the risk profile of transactions *via* two approaches intended for determining RWA: a

standardised approach and an advanced one based on internal methods modelling the counterparties' risk profiles.

Change in risk-weighted assets and capital requirements

TABLE 9: OVERVIEW OF RISK-WEIGHTED ASSETS

(In EURm)	Risk-weighted assets			Total own funds requirements
	31.12.2021	30.09.2021	31.12.2020	31.12.2021
Credit risk (excluding counterparty credit risk)	271,012	262,308	255,431	21,681
o.w. standardised approach	103,323	98,931	92,771	8,266
o.w. Foundation IRB (FIRB) approach	4,121	4,162	4,417	330
o.w. slotting approach	752	701	795	60
o.w. equities under the simple risk-weighted approach	3,515	3,159	3,355	281
o.w. other equities under IRB approach	18,189	18,583	18,586	1,455
o.w. Advanced IRB (AIRB) approach	141,111	136,772	135,507	11,289
Counterparty credit risk – CCR	27,478	31,725	26,330	2,198
o.w. standardised approach ⁽¹⁾	9,304	10,457	5,588	744
o.w. internal model method (IMM)	13,088	14,906	15,767	1,047
o.w. exposures to a CCP	1,273	1,516	1,263	102
o.w. credit valuation adjustment – CVA	2,807	3,867	3,131	225
o.w. other CCR	1,007	979	581	81
Settlement risk	63	6	77	5
Securitisation exposures in the non-trading book (after the cap)	6,368	5,960	5,486	509
o.w. SEC-IRBA approach	2,082	2,033	2,233	167
o.w. SEC-ERBA incl IAA	3,978	3,571	2,951	318
o.w. SEC-SA approach	308	356	301	25
o.w. 1,250%/deductions	-	-	-	-
Position, foreign exchange and commodities risks (Market risk)	11,643	14,276	15,340	931
o.w. standardised approach	1,419	1,761	1,728	114
o.w. IMA	10,225	12,515	13,612	818
Large exposures	-	-	-	-
Operational risk	46,806	49,232	49,188	3,744
o.w. basic indicator approach	-	-	-	-
o.w. standardised approach	2,412	2,294	2,250	193
o.w. advanced measurement approach	44,394	46,938	46,938	3,552
Amounts (included in the “credit risk” section above) below the thresholds for deduction (subject to 250% risk weight)	7,344	7,570	8,008	588
TOTAL	363,371	363,508	351,852	29,070

(1) The amounts of RWA as at 31 December 2021 and as at 30 September 2021 correspond to the new SA-CCR approach, following the application of Regulation (EU) No 2019/876 (CRR2). The equivalent amount as at 31 December 2020 is featured here according to the former Current exposure method (CEM).

TABLE 10: RISK-WEIGHTED ASSETS (RWA) BY CORE BUSINESS AND RISK TYPE

(In EURbn)	Credit and counterparty credit	Market	Operational	Total 31.12.2021	Total 31.12.2020
French Retail Banking	91.8	0.1	3.7	95.5	98.9
International Retail Banking and Financial Services	112.1	0.1	5.5	117.7	108.0
Global Banking and Investor Solutions	89.3	11.5	30.3	131.2	125.9
Corporate Centre	11.7	0.0	7.3	19.0	19.1
Group	304.9	11.6	46.8	363.4	351.9

As at 31 December 2021, RWA (EUR 363.4 billion) were distributed as follows:

- credit and counterparty credit risks accounted for 84% of RWA (of which 37% for International Retail Banking and Financial Services);
- market risk accounted for 3% of RWA (of which 99% for Global Banking and Investor Solutions);
- operational risk accounted for 13% of RWA (of which 65% for Global Banking and Investor Solutions).

4.4.6 TLAC AND MREL RATIOS

The Total Loss Absorbing Capacity (TLAC) requirement which applies to Societe Generale is 16% of RWA until 1 January 2022 and 18% of RWA thereafter, to which the conservation buffer of 2.5%, the G-SIB buffer of 1% and the countercyclical buffer must be added. As at 31 December 2021, the global TLAC requirement thus stood at 19.54% of Group RWA.

The TLAC rule also provides for a minimum ratio of 6% of the leverage exposure from 2019 before reaching 6.75% of the leverage exposure starting from January 2022.

As at 31 December 2021, Societe Generale reached a phased-in TLAC ratio of 29.2% excluding senior preferred debts. The phased-in ratio

stands at 31.1% of RWA when considering the possibility to account for senior preferred debts up to 2.5% of RWA and 9.5% of leverage exposure.

The Minimum Requirement for own funds and Eligible Liabilities (MREL) has applied to credit institutions and investment firms within the European Union since 2016.

Contrary to the TLAC ratio, the MREL is tailored to each institution and regularly revised by the resolution authority.

Throughout 2021, Societe Generale complied with its MREL requirement.

4.4.7 LEVERAGE RATIO

The Group calculates its leverage ratio according to the CRR2 rules applicable since June 2021 (except those regarding G-SIBs expected to be applicable from January 2023).

Managing the leverage ratio means both calibrating the amount of Tier 1 capital (the numerator of the ratio) and controlling the Group's leverage exposure (the denominator of the ratio) to achieve the target ratio levels that the Group sets for itself. To this end, the leverage exposure of the different businesses is monitored by the Finance Department.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3.5% minimum set in the Basel Committee's recommendations, transposed in Europe via CRR2, including a fraction of the systemic buffer which is applicable to the Group.

As at 31 December 2021, the leverage ratio of Societe Generale stood at 4.9%, considering a Tier 1 capital amount of EUR 57.9 billion compared with a leverage exposure of EUR 1,189 billion (versus 4.8% at 31 December 2020, with EUR 56.2 billion and EUR 1,179 billion respectively).

TABLE 11: LEVERAGE RATIO SUMMARY AND TRANSITION FROM PRUDENTIAL BALANCE SHEET TO LEVERAGE EXPOSURE⁽¹⁾

(In EURm)	31.12.2021	31.12.2020
Tier 1 capital⁽²⁾	57,907	56,179
Total assets in prudential balance sheet⁽³⁾	1,299,698	1,291,824
Adjustments for derivative financial instruments	8,619	(60,054)
Adjustments for securities financing transactions ⁽⁴⁾	14,896	5,988
Off-balance sheet exposure (loan and guarantee commitments)	118,263	104,034
Technical and prudential adjustments ⁽⁵⁾	(252,223)	(163,248)
<i>o.w. central banks exemption</i>	(117,664)	(98,192)
Leverage ratio exposure	1,189,253	1,178,543
Leverage ratio	4.87%	4.77%

(1) Ratio set in accordance with CRR2 rules and taking into account the IFRS 9 phasing (leverage ratio of 4.82% without phasing at 31 December 2021, the phasing effect being +5 bps).

(2) The capital overview is available in table 3.

(3) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries). Data at 31 December 2020 modified in accordance with the accounting restatements of comparative data described as an accompaniment to table 3.

(4) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions.

(5) The breakdown of adjustments at 31 December 2020 takes into account a methodological change leading to the reclassification of some miscellaneous adjustments (previously classified on the line relating to derivatives) onto the line "Technical and prudential adjustments".

4.4.8 RATIO OF LARGE EXPOSURES

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale must not have any exposure towards a single beneficiary which exceeds 25% of the Group's capital.

The final rules of the Basel Committee on large exposures, transposed in Europe via CRR2, have been applicable since June 2021. The main

changes compared with CRR reside in the calculation of the regulatory limit (25%), henceforth expressed as a proportion of Tier 1 (instead of cumulated Tier 1 and Tier 2), and in the introduction of a cross-specific limit on systemic institutions (15%).

4.4.9 FINANCIAL CONGLOMERATE RATIO

The Societe Generale group, also identified as a "Financial conglomerate", is subject to additional supervision from the ECB.

At 31 December 2021, Societe Generale's financial conglomerate equity covered the solvency requirements for both banking and insurance activities.

At 30 June 2021, the financial conglomerate ratio was 151%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 76.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 50.5 billion.

As at 31 December 2020, the financial conglomerate ratio was 153%, consisting of a numerator "Own funds of the Financial Conglomerate" of EUR 75.1 billion, and a denominator "Regulatory requirement of the Financial Conglomerate" of EUR 49.2 billion.

4.5 CREDIT RISK

Audited I Credit risk corresponds to the risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. This risk includes the risk related to securitisation activities, and may be further amplified by individual, country and sector concentration risk. ▲

4.5.1 CREDIT RISK MONITORING AND SURVEILLANCE SYSTEM

General principles

Audited I The risk approval process is based on the following main principles:

- the analysis and the validation of the files fall respectively and independently to the sector of commercial follow-up of the client and to the dedicated risk units within the risk management function. In order to guarantee a consistent approach to Group risk-taking, this commercial monitoring sector and this risk unit examine all authorisation requests relating to a given client or category of clients. This commercial monitoring sector and this risk unit must be independent of each other;
- the internal rating of counterparties is a key criterion in the granting policy. These ratings are proposed by the commercial monitoring sector and validated by the dedicated risk unit;
- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the commercial monitoring sectors on the other.

The business line assumes the burden of provisions and losses related to its credit decisions as the first line of defence. The Risk Department submits recommendations to CORISQ on the evolution of the granting policy, with limits on credit portfolios, for the countries, geographic areas, sectors, products or types of customers presenting high concentration risks. ▲

Governance

The Risk Department, working with the Finance Department, determines the risk appetite of the Group. This seeks to define the acceptable level of risk given the Group's strategic aims.

The Risk Department is responsible for implementing the system to manage and monitor risks, including cross-Group risks. The Risk Department exercises hierarchical and functional oversight of the Risk management function in charge of Group credit risk giving it a comprehensive view of all the Group's credit risks.

The Risk Department helps define risk policies in light of each core business targets and the associated risk issues. It defines or approves the methods and procedures used to analyse, measure, approve and monitor risks and the risk IT system and makes sure these are appropriate to the core businesses' needs. As second line of defence, various Risk Departments (for Retail Banking, Corporate and Investment Banking and Market activities) are also in charge of credit risk and as such responsible for the independent control as second line of defence. These consist in independently reviewing and comparing

any credit application that exceeds the authority delegated to core businesses or local Risk Department teams. The Risk Department also assesses the quality of first-level credit reviews and takes any corrective action necessary.

The Risk Department also approves transactions and limits proposed by core business lines in respect of credit risk.

Finally, as part of its responsibilities for second line of defence, the Risk Department carries out permanent controls of credit risks. As such, the Risk Department provides independent control as a second line of defence on the detection and monitoring of the resolution of limit auioverruns.

The monthly Risk Monitoring Report presented to CORISQ by the Risk Department comments among others on the evolution of the Group's credit portfolio and ensures compliance with the guidelines. Changes in the credit portfolio, changes in credit policy validated by CORISQ and respect for the Group's risk appetite are presented at least quarterly to the Risk Committee of the Board of Directors.

As part of the quarterly reporting to the Board of Directors and to the Risk Committee of the Board of Directors, an overview of the main credit risk metrics supplemented by details of the thresholds and limits where applicable is presented. The following metrics are in particular the subject of a presentation with a quarterly history: net cost of risk, NPL rate (non-performing loans), coverage rate, average credit quality of portfolios, outstanding corporates placed under surveillance (watchlist), supervision of corporate exposures by sector of activity, *Grands Risques Réglementaires* (major regulatory risk exposures), etc.

A monthly version of the reporting intended for the Risk Committee of the Board of Directors also provides additional information at a Business Unit level or on certain financing activities. A summary of the thematic CORISQs is also presented.

As part of the monthly CORISQ reporting to General Management, a summary of the main credit files is presented. Thematic presentations also provide recurring clarifications on certain perimeters and activities: personal real estate loans, consumer credit, non-retail credit risk, sector limits, country risks, major regulatory risks (*Grands Risques Réglementaires*), etc.

Specificities of retail portfolios

Audited I Individual and professional portfolio (retail portfolio) have specific features in terms of risk management. This management is based on a statistical approach and on the use of tools and methods in the industrialisation of processes.

STATISTICAL APPROACH

The retail portfolio is made up of a sum of exposures of low unit amounts, validated in a partially automated manner, which together constitute significant outstandings at Group level and therefore a high level of risk.

Given the high number and standardisation of retail clients commitments, aggregate monitoring is necessary at all levels of the Risk function in charge of credit risk. This mass monitoring of retail customer exposure is based on the use of a statistical risk approach and monitoring by homogeneous risk class.

In these circumstances, the risk monitoring system for the Retail portfolio cannot rely on the same procedures or the same tools as for corporates.

For instance, any change in marketing policy (cut to probationary period for loyalty, delegation of lending decisions to brokers, increase in margins, etc.) can have a rapid and massive impact and must therefore be tracked by a system that allows all actors (i) to identify as quickly as possible where any deterioration in exposures is coming from and (ii) to take remedial action.

Even if the IFRS 9 standard authorises a collective approach and if the Group has a statistical approach on retail customers for the evaluation of the expected loss, the increase in risk for the purposes of the classification into stages is identified on an individual basis for this clientele. The available parameters (operating accounts and late payments) allow the assessment of the significant increase in credit risk at the level of individual exposures. The collective approach is currently only used in a very small number of instances within the Group.

IMPORTANCE OF TOOLS AND METHODS IN THE INDUSTRIALISATION OF PROCESSES

The Risk management function must support Business Units and subsidiary managers in managing their risks with an eye to:

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

Risk Department structures its supervision around the following four processes:

- **granting:** this decision-making process can be more or less automated depending on the nature and complexity of the transactions, and hence the associated risk;
- **monitoring:** different entities use different systems for granting and managing retail risks systems (scoring, expert systems, rules, etc.) and an appropriate monitoring system must be in place for each to assess the appropriateness of the grant rules applied (notably *via* monitoring);
- **recovery:** recovery is an essential stage in the life cycle of Retail portfolio credits and makes a decisive contribution to our control of cost of risk. Whatever the organisation adopted (outsourcing, in-house collection, etc.), the establishment of an effective collection process is an essential element of good risk management. It makes a decisive contribution to controlling the cost of risk and limiting the level of our non-performing loans. If recovery is outsourced, it must conform to the Group's regulations governing outsourcing;
- **provisioning:** provisions against the Retail portfolio are decided at local level. They are calculated using the methodologies and governance methods defined and approved by the Risk Department. ▲

Monitoring individual concentration

Societe Generale complies with regulations governing large exposures (major regulatory risks exposure cap of 25% of equity). A more restrictive internal limit of 10% delegated by General Management (which can occasionally or permanently amend it) has been put in place. Since 1 July 2018, the High Council for Financial Stability has imposed on financial institutions an exposure limit on most indebted companies established in France at a maximum level of 5% of eligible equity.

Internal systems are implemented to identify and manage the risks of individual concentrations, particularly at granting of credit. For example, concentration thresholds, based on the internal rating of counterparties, are set by CORISQ and define the governance for validating the limits on individual concentrations. Exposures to groups of clients deemed significant by the Group are reviewed by the Large Exposure Committee chaired by the General Management. As part of the identification of its risks, the Group also carries out loss simulations by type of customer (on significant individual exposures that the Group could have).

The Group uses credit derivatives to reduce some exposures considered to be overly significant. Furthermore, the Group systematically seeks to mutualise risks with other banking partners by avoiding keeping an excessive share in the banking pool of large-scale companies.

Monitoring country risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes susceptible to negative impact from changing regulatory, political, economic, social and financial conditions.

Country risk breaks down into two major categories:

- **political and non-transfer risk** covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalisation, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.);
- **commercial risk** occurs when the credit quality of all counterparties in a given country deteriorates due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be a macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.), currency depreciation, or sovereign default on external debt potentially entailing other defaults.

Overall limits and/or monitoring of exposures have been established for countries based on their internal ratings and governance indicators. The supervision is strengthened depending on the level of the country's risk.

Country limits are approved annually by Risk Department (or General Management in specific situations). They can be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The Country Risk methodology determines an initial risk country and a final risk country (after any guarantee-related effects), which is supervised using country limits.

The procedure for putting a country on watch list is triggered in the event of deterioration in the country risk or anticipation of such a deterioration by the Risk Department.

Sector monitoring

The Group regularly reviews its entire credit portfolio through analyses by business sector. To do this, it relies on industry sector studies (including a one-year anticipation of sectoral risk) and on sectoral concentration analyses.

In addition, the Group periodically reviews its exposures to the portfolio segments presenting a specific risk profile, within the framework of CORISQs at Group level or at Business Unit level. These identified sectors or sub-portfolios are, where appropriate, subject to specific supervision through portfolio exposure limits and specific granting criteria. The limits are monitored either at General Management level or at Business Unit management level depending on the materiality and the level of risk of the portfolios.

As a complement, more targeted sector-based research and business portfolio analysis, may be conducted by General Management, the Risk Department or Bank Departments, depending on current issues. In that respect, Covid-19 vulnerable sectors have been subject to specific monitorings.

Portfolios specifically monitored by the Group CORISQ include:

- individual and professional credit portfolio (retail) in metropolitan France and in International Retail Banking in Europe. The Group defines in particular a risk appetite target concerning the minimum share covered by *Credit Logement* guarantee for real estate loans granted to individuals;
- oil and gas sectors, on which the Group has defined a credit policy adapted to the different types of activity of sector players. This policy distinguishes financing guaranteed by oil reserves, project financing, short-term trade finance transactions, and takes into account regional characteristics;
- commercial real estate scope, on which the Group has defined a framework for origination and monitoring of exposures and limits according to the different types of financing, geographical areas and/or activities;

4.5.2 CREDIT RISK HEDGING

Audited I Guarantees and collateral

The Group uses credit risk mitigation techniques for both market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors, monoline or multiline insurers, export credit agencies, States in the context of the health crisis linked to Covid-19, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

- leveraged finance, for which the Group applies the definition of the scope and the management guidelines recommended by the ECB in 2017 (Guidance on leveraged transactions). The Group continues to pay a particular attention to the Leverage Buy-Out (LBO) sub-portfolio;
- exposures on hedge funds is subject to a specific attention. The Group incurs risk on hedge funds through derivative transactions and its financing activity guaranteed by shares in funds. Risks related to hedge funds are governed by individual limits and global limits on market risks and wrong way risks;
- exposures on shadow banking are managed and monitored in accordance with the EBA guidelines published in 2015 which specifies expectations regarding the internal framework for identifying, controlling and managing identified risks. CORISQ has set a global exposure threshold for shadow banking.

Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Department works with the businesses to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and *ad hoc* stress tests, designed to recognise emerging risks. Some of these stress tests are presented to CORISQ and used to determine how to frame the corresponding the activities concerned.

Credit risk stress tests complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including concentration. They allow to calculate the expected credit losses on exposures which have undergone an event of default and on exposures which have not undergone an event of default, in accordance with the method prescribed in the standard IFRS 9. The perimeter covered may include counterparty credit risk on market activities when relevant.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

In order to reduce its risk-taking, the Group is pursuing active management of its securities, in particular by diversifying them: physical collateral, personal guarantees and others (including Credit Default Swaps).

For information, the mortgage loans of retail customers in France benefit overwhelmingly from a guarantee provided by the financing company *Crédit Logement*, ensuring the payment of the mortgage to the Bank in the event of default by the borrower (under conditions of compliance with the terms of collateral call defined by *Crédit Logement*).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

The guarantors are subject to an internal rating updated at least annually. Regarding collateral, regular revaluations are made on the basis of an estimated disposal value composed of the market value of the asset and a discount. The market value corresponds to the value at which the good should be exchanged on the date of the valuation under conditions of normal competition. It is preferably obtained on the basis of comparable assets, failing this by any other method deemed relevant (example: value in use). This value is subject to haircuts depending on the quality of the collateral and the liquidity conditions.

Regarding collateral used for credit risk mitigation and eligible for the RWA calculation, it should be noted that 95% of guarantors are investment grade. These guarantees are mainly provided by *Crédit Logement*, export credit agencies, the French State (within the *Prêts Garantis par l'État* framework of the loans guaranteed by the French State) and insurance companies.

In accordance with the requirements of European Regulation No. 575/2013 (CRR), the Group applies minimum collateralisation frequencies for all collateral held in the context of commitments granted (financial collateral, commercial real estate, residential real estate, other security interests, leasing guarantees).

Closer valuations must be carried out in the event of a significant change in the market concerned, the default or litigation of the counterparty or at the request of the risk management function.

In addition, the effectiveness of credit risk hedging policies is monitored as part of the LGD.

It is the responsibility of the risk management function to validate the operational procedures put in place by the business lines for the periodic valuation of collateral (guarantees and collateral), whether automatic valuations or on an expert opinion and whether during the credit decision for a new competition or during the annual renewal of the credit file.

The amount of guarantees and collateral is capped at the amount of outstanding loans less provisions, *i.e.* EUR 373 billion at 31 December 2021 (compared with EUR 319 billion at 31 December 2020), of which EUR 175 billion for retail customers and EUR 198 billion for other types of counterparties (compared with EUR 156 billion and EUR 163 billion at 31 December 2020, respectively).

The outstanding loans covered by these guarantees and collateral correspond mainly to loans and receivables at mortised cost, which amounted to EUR 294 billion at 31 December 2021, and to off-balance sheet commitments, which amounted to EUR 68 billion (compared with EUR 258 billion and EUR 51 billion at 31 December 2020 respectively).

The amounts of guarantees and collateral received for performing outstanding loans (Stage 1) and under-performing loans (Stage 2) with payments past due amounted to EUR 2.4 billion at 31 December 2021 (EUR 4.3 billion at 31 December 2020), including EUR 1.5 billion on retail customers and EUR 0.9 billion on other types of counterparties (versus EUR 1.7 billion and EUR 2.6 billion at 31 December 2020 respectively).

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

Use of credit derivatives to manage Corporate concentration risk

The Group may use credit derivatives for in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentrations and to implement a proactive risk and capital management approach.

Housed in Corporate and Investment Banking, the Performance & Scarce Resources management (PSR) team works in close conjunction with the Risk Department and the businesses to reduce excessive portfolio concentrations, react quickly to any deterioration in the creditworthiness of a particular counterparty and recommend actions to improve the capital allocation. PSR is part of the department responsible for defining and effectively deploying the strategy, for monitoring performance and managing the scarce resources in the credit and loan portfolio.

Total outstanding purchases of protection through Corporate credit derivatives were stable at EUR 2.5 billion in nominal terms and a corresponding fair value of EUR -10.3 million at the end of December 2021 (compared to EUR 2.5 billion nominal value and a corresponding fair value of -7.3 million euros at the end of December 2020). New operations have mainly been performed to approve capital allocation (EUR 1.7 billion) and to a lower extend reduce concentration risk (EUR 0.8 billion).

Over 2021, the credit default swaps (CDS) spreads of European investment grade issues (Itraxx index) were stable, fluctuating around an annual average of 50 basis points. The overall sensitivity of the portfolio (Price Value of a Basis Point) is falling due to the reduction in the average maturity of the protections.

The majority of protection purchases (99% of outstandings at 31 December 2021) are made against European clearing houses, and all against counterparties with "Investment Grade" ratings (rating at least equal to BBB-).

Moreover, the amounts recognised as assets (EUR 0.9 billion at 31 December 2021 versus EUR 1.3 billion at 31 December 2020) and liabilities (EUR 1.2 billion at 31 December 2021 versus EUR 1.4 billion at 31 December 2020) correspond to the fair value of credit derivatives mainly held under a transaction activity.

Credit insurance

The Group has developed relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group's General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty, the latter being furthermore required to meet strict eligibility criteria. There is also a limit for insured transactions in Non Investment Grade countries. ▲

TABLE 12: CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

31.12.2021					
<i>(In EURm)</i>	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
Total loans	467,156	297,738	124,447	173,291	-
Total debt securities	56,063	6,654	6,561	93	-
TOTAL EXPOSURES	523,219	304,391	131,008	173,384	-
<i>of which non-performing exposures</i>	11,654	4,944	2,217	2,727	-
<i>of which defaulted</i>	11,654	4,944	2,217	2,727	-

31.12.2020					
<i>(In EURm)</i>	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	of which secured by collateral	of which secured by financial guarantees	of which secured by credit derivatives
Total loans	442,980	262,058	104,775	157,282	-
Total debt securities	62,035	5,590	5,486	104	-
TOTAL EXPOSURES	505,014	267,648	110,262	157,386	-
<i>of which non-performing exposures</i>	12,921	4,240	1,975	2,265	-
<i>of which defaulted</i>	12,921	4,240	1,975	2,265	-

4.5.3 IMPAIRMENT

The information relating to impairment can be found in Note 3.8 to the consolidated financial statements, which is part of Chapter 6 of the present Universal Registration Document.

4.5.4 RISK MEASUREMENT AND INTERNAL RATINGS

General framework of the internal approach

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply, for the majority of its exposures, the internal method (IRB method, Internal Rating Based) to calculate the capital required for credit risk.

The remaining exposures subject to the Standard approach mainly concern the portfolios of retail customers and SMEs (Small and Medium Enterprises) of the International Retail Banking activities. For exposures processed under the standard method excluding retail banking, the Group mainly uses external ratings from the Standard & Poor's, Moody's and Fitch rating agencies and the Banque de France. In the event that several Ratings are available for a third party, the second best Rating is retained.

The rating model monitoring framework is operational, in accordance with regulatory requirements, and detailed below in this section 4.5.4 "Risk measurement and internal ratings".

In accordance with the texts published by the EBA as part of the "IRB Repair" programme and following the review missions carried out by the ECB (TRIM – Targeted Review of Internal Models), the Group plans to develop its internal model system credit risk, so as to comply with these new requirements. A program ("Hausmann") has been launched in this direction within the Group, and deals with aspects such as:

- the simplification of the architecture of the models, and the improvement of its auditability: either by *ex nihilo* development of new models based on the New Definition of Default (NDoD), and natively integrating the expectations of the EBA and ECB, or by bringing certain existing models up to standard;
- improving the quality of data and its traceability throughout the chain;
- the review of the roles and responsibilities of the teams, particularly with regard to the construction and monitoring ("back test") of the system;
- the review of certain IT application bricks, and their rationalisation;
- the establishment of a more complete normative base, and a more consistent relationship with the supervisor.

The programme is also based on building the target model strategy on the rollout plan towards the IRB approach.

Following the TRIMs and as part of compliance with IRB Repair, evolutions to the rating systems and models have been and will be submitted for validation to the ECB.

Audited I To calculate its capital requirements under the IRB method, Societe Generale estimates the Risk-Weighted Assets (RWA) and the Expected Loss (EL) that may be incurred in light of the nature of the transaction, the quality of the counterparty (*via* internal rating) and all measures taken to mitigate risk.

The calculation of RWA is based on the parameters Basel parameters, which are estimated using the internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event that the counterparty should default. The EAD includes exposures recorded on the balance sheet (loans, receivables, accrued income, market transactions, etc.), and a proportion of off-balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the Bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the amount of the exposure at the time of the default.

The estimation of these parameters is based on a quantitative evaluation system which is sometimes supplemented by expert or business judgment.

In addition, a set of procedures sets out the rules relating to ratings (scope, frequency of review, grade approval procedure, etc.) as well as those for supervision, backtesting and the validation of models. These procedures allow, among other things, to facilitate critical human judgment, an essential complement to the models for non-retail portfolios.

The Group also takes into account:

- the impact of guarantees and credit derivatives, by substituting the PD, the LGD and the risk-weighting calculation of the guarantor for that of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favorable than that of the obligor;
- collateral used as guarantees (physical or financial). This impact is taken into account *via* the LGD level. ▲

To a very limited extent, Societe Generale also applies an IRB Foundation approach (where only the probability of default is estimated by the Bank, while the LGD and CCF parameters are determined directly by the supervisory authority) to a portfolio of specialised lending exposures, including those granted to the subsidiaries Franfinance Entreprises, Sogelease and Star Lease.

Moreover, the Group has authorisation from the regulator to use the IAA (internal assessment approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

In addition to the capital requirement calculation objectives under the IRBA method, the Group's credit risk measurement models contribute to the management of the Group's operational activities. They also constitute tools to structure, price and approve transactions and contribute to the setting of approval limits granted to business lines and the Risk function.

TABLE 13: SCOPE OF THE USE OF IRB AND SA APPROACHES

	31.12.2021					
(In EURm)	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB approach (%)	O.w percentage subject to AIRB approach (%)
Central governments or central banks	243,502	253,240	3.43%	-	96.57%	96.56%
<i>of which regional governments or local authorities</i>		1,833	7.33%	-	92.67%	92.67%
<i>of which public sector entities</i>		111	92.65%	-	7.35%	7.35%
Institutions	40,410	46,806	9.63%	0.01%	90.36%	90.36%
Corporates	266,895	312,786	9.37%	1.94%	88.69%	86.86%
<i>of which Corporates - Specialised lending, excluding slotting approach</i>		62,706	1.63%	-	98.37%	98.37%
<i>of which Corporates - Specialised lending under slotting approach</i>		1,436	-	-	100.00%	100.00%
Retail	177,266	244,359	19.22%	8.77%	72.01%	72.01%
<i>of which Retail – Secured by real estate SMEs</i>		6,504	12.33%	0.59%	87.08%	87.08%
<i>of which Retail – Secured by real estate non-SMEs</i>		141,329	11.17%	11.55%	77.28%	77.28%
<i>of which Retail – Qualifying revolving</i>		6,001	32.18%	9.38%	58.44%	58.44%
<i>of which Retail – Other SMEs</i>		36,052	33.29%	1.45%	65.26%	65.26%
<i>of which Retail – Other non-SMEs</i>		54,473	30.21%	7.30%	62.49%	62.49%
Equity	6,203	7,410	16.29%	-	83.71%	83.71%
Other non-credit obligation assets	868	37,883	97.71%	-	2.29%	2.29%
TOTAL	735,144	902,485	14.15%	3.05%	82.80%	82.17%

TABLE 14: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

	IRB approach	Standard approach
French Retail Banking	Majority of French Retail Banking and Crédit du Nord and Private Banking portfolios	Some specific client or product types for which the modeling is currently not adapted Boursorama
International Retail Banking and Financial Services	Subsidiaries KB (Czech Republic), CGI, Fidelity, GEFA, SG Leasing SPA and Fraer Leasing SPA, SGEF Italy	Other international subsidiaries (in particular BRD, SG Maroc, Rosbank)
Global Banking and Investor Solutions	Majority of Corporate and Investment Banking portfolios	SG Kleinwort Hambros and SGIL subsidiaries, as well as specific client or product types for which the modeling is currently not adapted

Credit risk measurement for wholesale clients

For Corporate (including specialised financing), Banking and Sovereign portfolios, the Group has implemented the following system.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The rating system consists in assigning a rating to each counterparty according to an internal scale, for which each grade corresponds to a probability of default determined using historical series observed by Standard & Poor's for over more than twenty years.

The following table presents the indicative corresponding scales of the main external credit assessment institutions and the corresponding average probabilities of default, as well as the Group's internal rating scale.

The rating assigned to a counterparty is generally proposed by a model, and possibly adjusted by a credit analyst, who then submits it for validation by the Risk Management.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), geographic region and size of the Company (usually assessed through its annual revenue).

The Company rating models are underpinned by statistical models (regression methods) of client default. They combine quantitative parameters derived from financial data that evaluate the sustainability and solvency of companies and qualitative parameters that evaluate economic and strategic dimensions.

TABLE 15: SOCIETE GENERALE'S INTERNAL RATING SCALE AND INDICATIVE CORRESPONDING SCALES OF RATING AGENCIES

Investment grade/ Non-investment grade	Probability of default range	Counterparty internal rating	Indicative equivalent Standard & Poor's	Indicative equivalent Fitch	Indicative equivalent Moody's	1-year internal probability of default (average)
Investment grade	0.00 to <0.10	1	AAA	AAA	Aaa	0.009%
		2+	AA+	AA+	Aa1	0.014%
		2	AA	AA	Aa2	0.020%
		2-	AA-	AA-	Aa3	0.026%
		3+	A+	A+	A1	0.032%
		3	A	A	A2	0.036%
	0.10 to <0.15 0.15 to <0.25 0.25 to <0.50 0.50 to <0.75 0.75 to <1.75 1.75 to <2.5	3-	A-	A-	A3	0.061%
		4+	BBB+	BBB+	Baa1	0.130%
		4	BBB	BBB	Baa2	0.257%
		4-	BBB-	BBB-	Baa3	0.501%
		5+	BB+	BB+	Ba1	1.100%
		5	BB	BB	Ba2	2.125%
Non-investment grade	2.5 to <5	5-	BB-	BB-	Ba3	3.260%
		6+	B+	B+	B1	4.612%
	5 to <10	6	B	B	B2	7.761%
	10 to <20	6-	B-	B-	B3	11.420%
		7+	CCC+	CCC+	Caa1	14.328%
	20 to <30	7	CCC	CCC	Caa2	20.441%
		7-	C/CC/CCC-	CCC-	Caa3	27.247%
30 to <100						

LGD MODELS

The Loss Given Default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the Loss Given Default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and location of the transaction or of the counterparty, depending on whether or not collateral has been posted, and the nature thereof if applicable. This makes it possible to define homogeneous risk pools, particularly in terms of recovery, procedures and the legal environment.

These estimates are founded on statistics when the number of loans in default is sufficient. In such circumstances, they are based on recovery data observed over a long period. When the number of defaults is insufficient, the estimate is revised or determined by an expert.

CREDIT CONVERSION FACTOR (CCF) MODELS

For its off-balance sheet exposures, the Group is authorised to use the internal approach for "Term loan with drawing period" products and revolving credit lines.

TABLE 16: MAIN CHARACTERISTICS OF MODELS AND METHODS - WHOLESAL CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of methods, models	Methodology Number of years default/loss
WHOLESAL CLIENTS			
Probability of Default (PD)	Sovereigns	1 method.	Econometric method. Low default portfolio.
	Public sector entities	4 models according to geographic region.	Statistical (regression)/expert methods for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Low default portfolio.
	Financial institutions	11 models according to type of counterparty: banks, insurance, funds, financial intermediaries, funds of funds.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Specialised financing	3 models according to type of transaction.	Expert models based on a qualitative questionnaire. Low default portfolio.
	Large corporates	9 models according to geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.
	Small- and medium-sized companies	20 models according to the size of the Company and the geographic region.	Mainly statistical models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire, behavioral score. Defaults observed over a period of 8 to 10 years.
Loss Given Default (LGD)	Public sector entities – Sovereigns	6 models according to type of counterparty.	Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Flat-rate Approach	25 models Flat-rate approach according to type of collateral.	Calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Large corporates – Discount Approach	16 models Discount approach according to type of recoverable collateral.	Statistical calibration based on historical market data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Small- and medium-sized companies	16 models Flat-rate approach according to type of collateral or unsecured.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Project financing	9 models Flat-rate approach according to project type.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Financial institutions	5 models Flat-rate approach according to type of counterparty: banks, insurance, funds, etc. and the nature of the collateral.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
	Other specific portfolios	6 models: factoring, leasing with option to purchase and other specific cases.	Statistical calibration based on historical data adjusted by expert judgments. Losses observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Large corporates	5 models: term loans with drawing period, revolving credits, Czech Corporates.	Models calibrated by segment. Defaults observed over a period of more than 10 years.
Expected Loss (EL)	Real estate transactions	2 models by slotting.	Statistical model based on expert judgments and a qualitative questionnaire. Low default portfolio.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire wholesale client credit system is measured by backtests that compare, by portfolio, the PD, LGD and CCF estimates with actual results, thus making it possible to measure the prudence of the risk parameters used by the IRB approach.

The backtest results and remediation plans are presented to the Expert Committee for discussion and approval (see section "Governance of the modelling of credit risk"). These results may justify the implementation of remediation plans if the system is deemed to be insufficiently prudent. The discriminating power of the models and the change of the composition of the portfolio are also measured.

The results presented above cover the entire Group portfolios. Backtests compare the estimated probability of default (arithmetic mean weighted by debtors) with the observed results (the historical annual default rate). The historical default rate was calculated on the basis of performing exposures over the period from 2008 to 2020.

The historic default rate remains stable across all the exposure classes. The estimated probability of default is higher than the historical default rates for all Basel portfolios and for most of the ratings. It should be noted that new internal models are being developed to comply with new regulatory requirements.

TABLE 17: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - WHOLESALE CLIENTS - IRBA

31.12.2021						
Exposure class	Weighted average PD (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Central banks and central administrations	0.6%	1.3%	0.2%	0.2%	451	1
Institutions	0.5%	0.8%	0.3%	0.1%	3,480	3
Corporates - SME	2.9%	4.3%	3.4%	1.6%	61,326	988
Corporates - Specialised lending	1.8%	2.8%	1.9%	1.0%	2,255	22
Corporates - Others	1.3%	3.9%	1.8%	1.2%	24,625	301

(1) Performing exposures.

31.12.2020						
Exposure class	Weighted average PD ⁽²⁾ (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Central banks and central administrations	0.1%	0.9%	0.2%	0.0%	462	0
Institutions	0.3%	0.8%	0.3%	0.3%	3,519	9
Corporates - SME	3.2%	3.8%	3.6%	1.9%	54,874	1,053
Corporates - Specialised lending	1.4%	2.4%	2.0%	1.6%	2,210	36
Corporates - Others	1.3%	3.4%	1.8%	1.6%	23,769	389

(1) Performing exposures.

(2) PD taking into account substitution and reduction effects at 31 December, 2020.

TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - WHOLESALE CLIENTS - IRBF

31.12.2021						
	Weighted average PD (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Central banks and central administrations	0.6%	0.0%	0.0%	0.0%	102	0
Institutions	0.4%	1.2%	0.2%	0.0%	27	0
Corporates - SME	3.5%	5.0%	3.5%	2.5%	11,220	275
Corporates - Others	2.3%	4.5%	2.0%	2.0%	6,511	131

(1) Performing exposures.

31.12.2020						
Exposure class	Weighted average PD ⁽²⁾ (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Central banks and central administrations	0.0%	0.0%	0.0%	0.0%	153	0
Institutions	0.1%	0.8%	0.2%	0.0%	193	0
Corporates - SME	4.2%	4.1%	3.5%	2.0%	13,770	279
Corporates - Others	2.4%	3.8%	2.0%	1.5%	6,739	102

(1) Performing exposures.

(2) PD taking into account substitution and reduction effects at 31 December, 2020.

Credit risk measurements of retail clients

The Group has implemented the following system for the retail portfolio made up of individual customers, SCIs (real estate investment companies – *Sociétés civiles immobilières*) and professional customers.

RATING SYSTEM AND ASSOCIATED PROBABILITY OF DEFAULT

The modeling of the probability of default of retail client counterparties is carried out specifically by each of the Group's business lines recording its exposures using the IRBA method. The models incorporate data on the account behavior of counterparties. They are segmented by type of customer and distinguish between retail customers, professional customers, very small businesses and real estate investment companies (*Sociétés civiles immobilières*).

The counterparties of each segment are classified automatically, using statistical models, into homogeneous risk pools, each of which is assigned a probability of default. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle, using a through-the-cycle (TTC) approach.

LGD MODELS

The models for estimating the Loss Given Default (LGD) of retail customers are specifically applied by business line portfolio and by product, according to the existence or not of collateral.

Consistent with operational recovery processes, estimate methods are generally based on a two-step modeling process that initially estimates the proportion of defaulted loans in loan termination, followed by the loss incurred in case of loan termination.

The expected losses are estimated using internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted by safety margins in order to reflect the possible impact of a downturn.

CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current accounts held by retail and professional customers.

TABLE 19: MAIN CHARACTERISTICS OF MODELS AND METHODS USED - RETAIL CLIENTS

Parameter modeled	Portfolio/ Category of Basel assets	Number of models	Methodology Number of years of default/loss
RETAIL CLIENTS			
Probability of Default (PD)	Residential real estate	8 models according to entity, type of guarantee (security, mortgage), type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Other loans to individual customers	15 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Renewable exposures	5 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model (regression), behavioral score. Defaults observed over a period of more than 5 years.
	Professionals and very small businesses (VSB)	10 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model (regression or segmentation), behavioral score. Defaults observed over a period of more than 5 years.
Loss Given Default (LGD)	Residential real estate	9 models according to entity, type of guarantee (security, mortgage), and type of counterparty: individuals or professionals/VSB, real estate investment company (SCI).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Other loans to individual customers	18 models according to entity and to the nature and object of the loan: personal loan, consumer loan, car loan, etc.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Renewable exposures	7 models according to entity and nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Professionals and very small businesses	12 models according to entity, nature of the loan (medium- and long-term investment credits, short-term credit, car loans), and type of counterparty (individual or real estate investment company (SCI)).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
Credit Conversion Factor (CCF)	Renewable exposures	12 calibrations by entity for revolving products and personal overdrafts.	Models calibrated by segment over a period of observation of defaults of more than 5 years.

MONITORING THE PERFORMANCE OF INTERNAL MODELS

The performance level of the entire retail client credit system is measured by backtests, which check the performance of PD, LGD and CCF models and compare estimates with actual results.

Each year, the average long-term default rates observed by homogeneous risk class are compared to the PDs.

The results presented below cover all of the Group's portfolios. Backtests compare the estimated probability of default (arithmetic average weighted by the debtors) to the observed results (the historical annual default rate). The historical default rate was calculated on the basis of healthy outstandings over the period from 2010 to 2020. Creditors are included in accordance with the revised instructions of the EBA publication of 14 December 2016 (EBA/GL/2016/11).

The historical default rate is relatively stable across all exposure classes, the probability of default is falling. Indeed, the quality of counterparties has improved (migration of populations to the best risk classes) due in particular to government measures taken in the Covid context. Since the risk scores are mainly based on the number of days of arrears and the cash balance, they are impacted by: (i) the implementation of a moratorium on the repayment of loans, (ii) the increase in cash balances by the payment of government-guaranteed loans (*Prêts de Garantie par l'Etat*) and by the payment by the French state of various aid initiatives to support professionals in the economy amid the Covid pandemic, (iii) the observation of an increase of the personal savings rate during the Covid crisis.

It should be noted that new internal models, the development of which is finalised or planned, will make it possible to comply with the latest regulatory requirements.

TABLE 20: COMPARISON OF ESTIMATED RISK PARAMETERS: ESTIMATED AND ACTUAL PD VALUES - RETAIL CLIENTS (IRBA)

Exposure class	31.12.2021					
	Weighted average PD (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Retail – Secured by real estate SME	1.5%	1.6%	2.2%	1.1%	33,475	369
Retail – Secured by real estate non-SME	0.8%	0.8%	0.9%	0.3%	1,171,550	3,520
Retail – Qualifying revolving	3.1%	2.6%	1.9%	1.4%	5,701,905	80,316
Retail – Other SME	2.9%	2.9%	3.4%	2.2%	770,826	17,118
Retail – Other non – SME	2.1%	3.3%	3.3%	1.7%	1,824,511	30,380

(1) Performing exposures.

Exposure class	31.12.2020					
	Weighted average PD (%)	Arithmetic mean of debtor PD (%)	Historical Average Annual Default Rate (%)	Average annual default rate (%)	Number of debtors Year-end ⁽¹⁾	of which: number of debtors in default during the year
Retail – Secured by real estate SME	1.6%	1.9%	2.3%	1.9%	35,449	668
Retail – Secured by real estate non-SME	0.9%	0.9%	0.9%	0.4%	1,157,444	5,124
Retail – Qualifying revolving	4.4%	2.8%	2.0%	1.9%	6,422,708	122,528
Retail – Other SME	2.8%	4.0%	3.5%	2.9%	795,903	22,807
Retail – Other non – SME	2.3%	3.6%	3.5%	2.1%	1,895,739	39,687

(1) Performing exposures.

TABLE 21: COMPARISON OF RISK PARAMETERS: ESTIMATED AND ACTUAL LGD AND EAD VALUES - RETAIL CLIENTS

Basel portfolio	31.12.2021		
	A-IRB LGD	Estimated losses excluding margin of prudence	Observed EAD/ A-IRB EAD
Real estate loans (excl. guaranteed exposures)	18%	9%	-
Revolving credits	48%	43%	66%
Other loans to individual customers	28%	23%	-
VSB and professionals	29%	22%	72%
TOTAL GROUP RETAIL CLIENTS	26%	19%	68%

The changes in the portfolio “Other loans to individual customers” are explained by a change in scope.

Basel portfolio	31.12.2020		
	A-IRB LGD	Estimated losses excluding margin of prudence	Observed EAD/ A-IRB EAD
Real estate loans (excl. guaranteed exposures)	18%	11%	-
Revolving credits	46%	41%	74%
Other loans to individual customers	28%	24%	-
VSB and professionals	28%	22%	79%
TOTAL GROUP RETAIL CLIENTS	25%	20%	75%

Governance of the modeling of credit risk

Credit own funds estimation models are subject to the global model risk management framework (see Chapter 4.12 “Model risk”).

The first line of defence is responsible for designing, putting into production, using and monitoring models, in compliance with model risk management governance rules throughout the model lifecycle, which include for credit risk internal models traceability of development and implementation stages and annual backtesting. Depending on the specificities of each model family, in particular depending on the regulatory environment, the second line of defence may decide to perform the backtesting of the model family. In such case the LOD2 is responsible for defining a dedicated standard for the model family and informing the first line of defence (starting with the model owner) of the outcome of the backtesting.

The Model Risk Department, reporting directly to the Risk Department, acts as a second line of defence for all credit risk models. Independent model review teams rely, for the conduct of their missions, on principles of control of the theoretical robustness (assessment of the quality of the design and development) of the models, the conformity of the implementation and the use, the continuous follow-up of model relevance over time. The independent review process concludes with (i) a report summarizing the scope of the review, the tests performed, the results of the review, the conclusions or recommendations and with (ii) Reviewing and Approval Committees (respectively *Comité Modèles* and *Comité Experts* in the case of credit risk models). The model control system gives rise to recurring reports to the Risk Department within the framework of various bodies and processes (Group Model Risk

Management Committee, Risk Appetite Statement / Risk Appetite Framework, monitoring of recommendations, etc.) and annually to the General Management (CORISQ). The Model Risk Department reviews, amongst others, new models, backtesting results and any change to the credit own funds estimation models. In accordance with the Delegated Regulation (EU) No. 529/2014 of 20 May 2014 relating to the follow-up of internal models used for own funds computation, any model change to the Group’s credit risk measurement system is then subjected to two main types of notification to the competent supervisor, depending on the significant nature of the change laid down by this regulation itself:

- significant changes which are subject to a request for approval prior to their implementation;
- other changes which should be notified to the competent authorities: (i) prior to their implementation: changes, according to the criteria defined by the regulation, are notified to the Supervisor (*ex-ante* notification); barring a negative response, these may be implemented within a two months period; (ii) after their implementation: these changes are notified to the competent authorities after their implementation at least once a year, through a specific report (*ex-post* notification).

The Internal Audit Department, as a third line of defence, is responsible for periodically assessing the overall effectiveness of the model risk management framework (relevance of the model risk governance and efficiency of second line of defence activities) and performing the independent model audit.

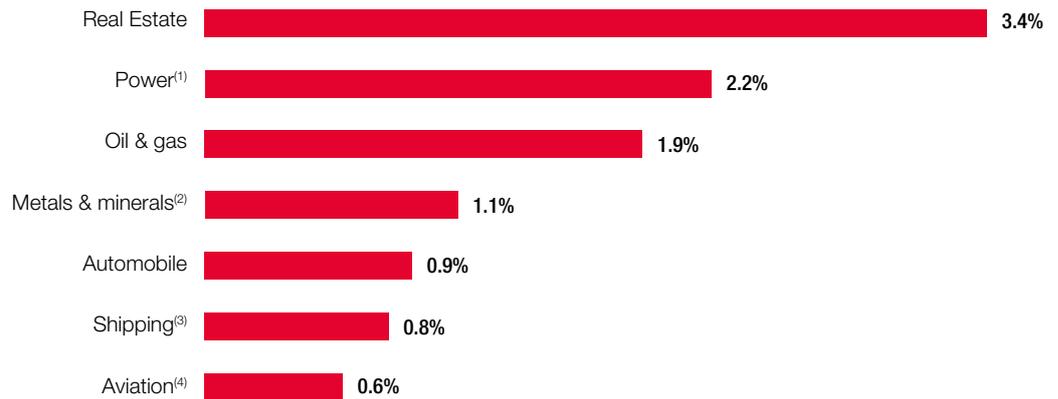
Climate risk - Measuring sensitivity to transition risk

Audited | Transition risk's impact on Societe Generale Corporate clients' credit risk has been identified as one of the main climate change-related risk for the Group.

In order to measure this impact, the Group is gradually implementing a Corporate Climate Vulnerability Indicator (CCVI) which aims to reinforce the credit analysis on the most exposed counterparties. ▲

The climate risk management system is further detailed in section 5.3.1.2 "Positive climate action" of this Universal Registration Document.

SECTOR BREAKDOWN OF THE GROUP'S CORPORATE PORTFOLIO (EAD) - FOCUS ON THE SECTORS THE MOST SENSITIVE TO TRANSITION RISK



(1) Including Electricity (1.9%).

(2) Including Construction materials.

(3) Including Water transport (0.7%) and Building of ships.

(4) Including Air transport (0.4%) and Aircraft manufacturers.

4.5.5 QUANTITATIVE INFORMATION

Audited I In this section, the measurement used for credit exposures is the EAD – Exposure At Default (on- and off-balance sheet). Under the Standardised Approach, the EAD is calculated net of collateral and provisions. ▲

The EAD is broken down according to the guarantor’s characteristics, after taking into account the substitution effect (unless otherwise indicated).

The presentation of the data features the exposure classes as defined in the portfolios of the COREP regulatory financial statements, in relation to EBA requirements on Pillar 3.

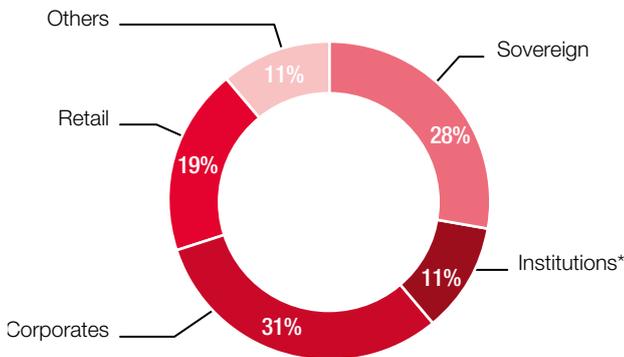
More information available in sections 6.6 "Quantitative information" and 6.7 "Additional quantitative information on credit risk" in the Risk Report Pillar 3 document.

Audited I Credit risk exposure (including counterparty credit risk)

At 31 December 2021, the Group’s Exposure at Default (EAD) amounted to EUR 1,079 billion.

GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2021

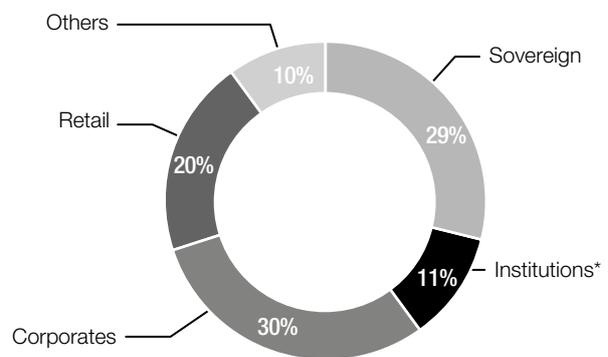
On- and off-balance sheet exposures (EUR 1,079 billion in EAD)



* Institutions: Basel classification bank and public sector portfolios.

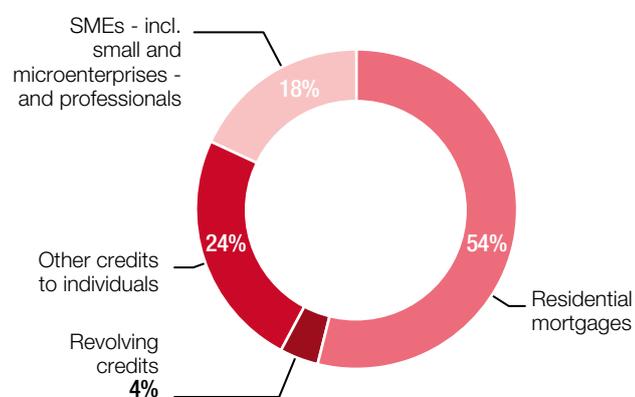
GROUP RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 1,004 billion in EAD)



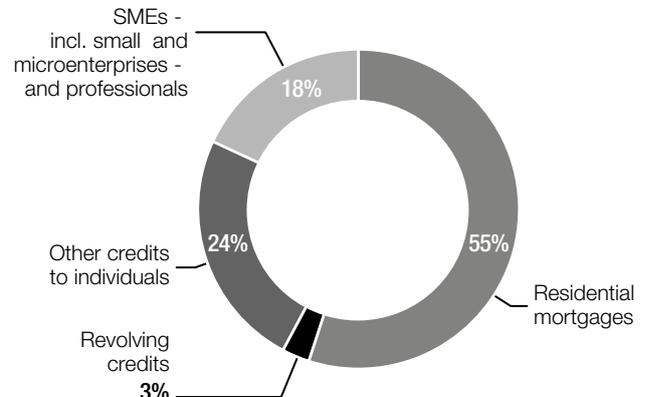
GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2021

On- and off-balance sheet exposures (EUR 210 billion in EAD)

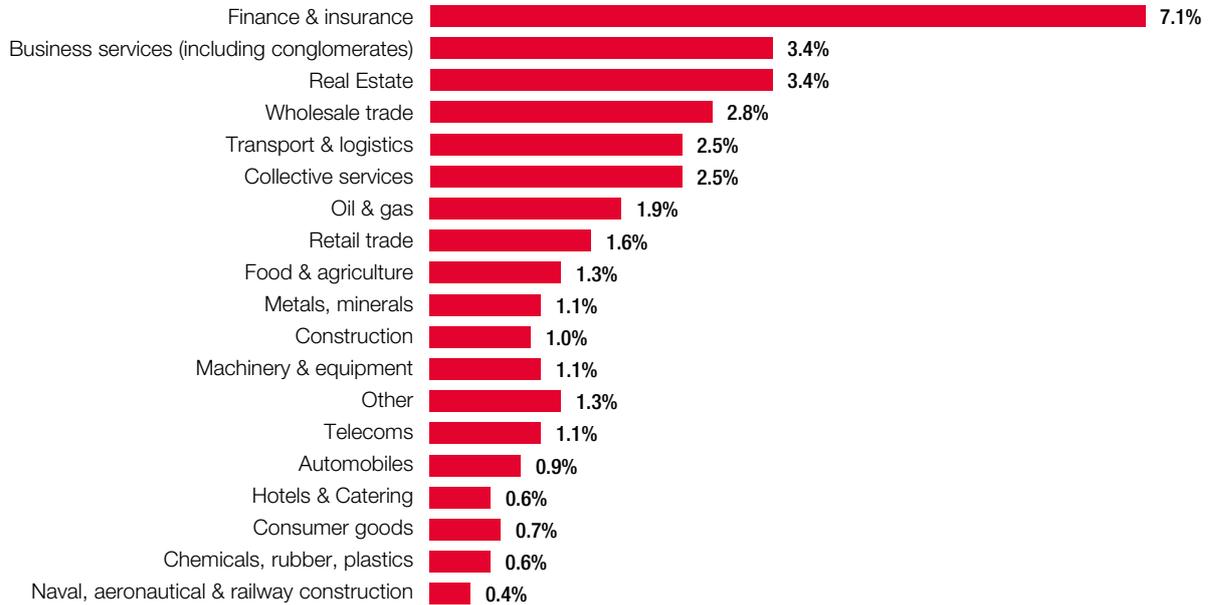


GROUP RETAIL RISK EXPOSURE BY EXPOSURE SUBCLASS (EAD) AT 31 DECEMBER 2020

On- and off-balance sheet exposures (EUR 202 billion in EAD)



SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE ON TOTAL GROUP EXPOSURE (BASEL PORTFOLIO)

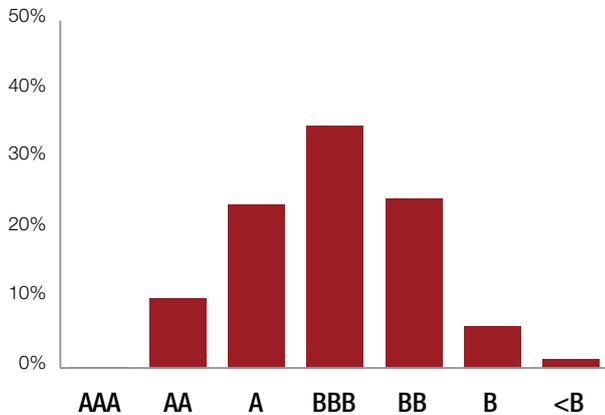


EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialised financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

At 31 December 2021, the Corporate portfolio amounted to EUR 380 billion out of a total of EUR 1,079 billion for the group (on- and off-balance sheet exposures measured in EAD). The Group's exposure to its ten largest Corporate counterparties accounted for 5% of this portfolio.

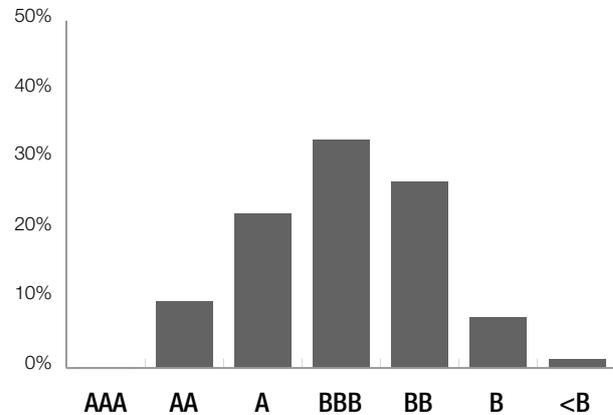
Corporate and bank clients exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



Regarding Corporate clients, the scope consists of performing loans recorded under the IRB approach (excluding prudential classification criteria, by weight, of specialised financing) over the entire Corporate clients portfolio, all divisions combined, and represents a EUR 295 billion EAD (out of a EUR 332 billion total EAD for the Corporate Basel portfolio, standardised approach included). The rating breakdown of Societe Generale Group's Corporate counterparty exposure reveals the

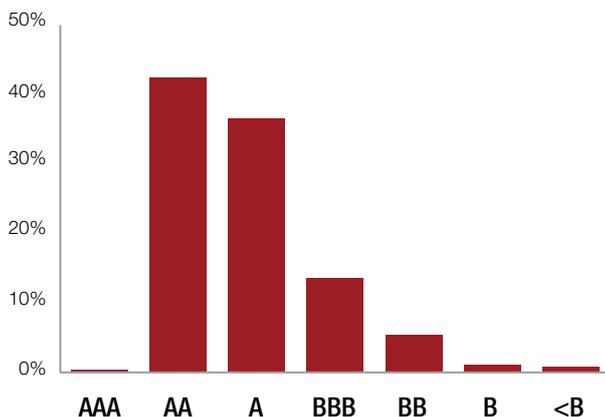
BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)



sound quality of the portfolio. It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

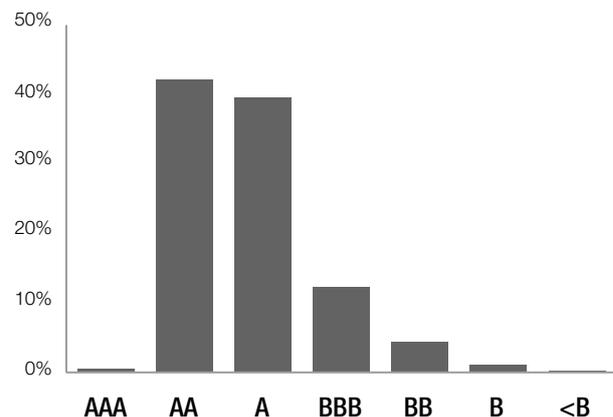
At 31 December 2021, the majority of the portfolio had an Investment Grade rating, *i.e.* counterparties with an S&P-equivalent internal rating higher than BBB- (69% of Corporate clients). Transactions with non-Investment Grade counterparties were very often backed by guarantees and collaterals in order to mitigate the risk incurred.

BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2021 (AS % OF EAD)



Regarding banking clients, the scope consists of performing loans recorded under the IRB approach over the entire banking clients portfolio, all divisions combined, and represents a EUR 56 billion EAD (out of a EUR 116 billion total EAD for the Institutions Basel portfolio, standardised approach included). The rating breakdown of Societe Generale Group's banking counterparty exposure reveals the sound quality of the portfolio.

BREAKDOWN OF RISK BY INTERNAL RATING FOR BANKING CLIENTS AT 31 DECEMBER 2020 (AS % OF EAD)

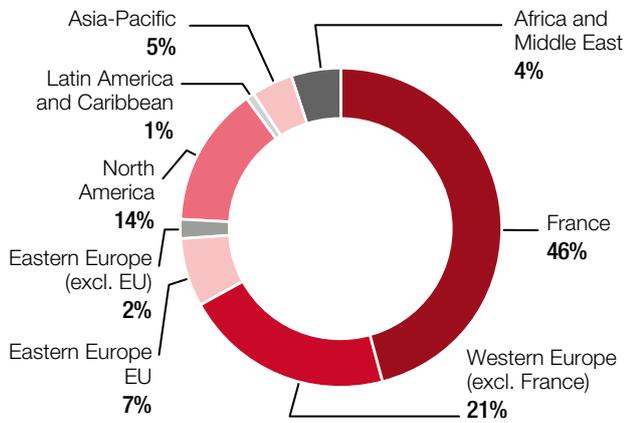


It is based on an internal counterparty rating system, displayed above as its Standard & Poor's equivalent.

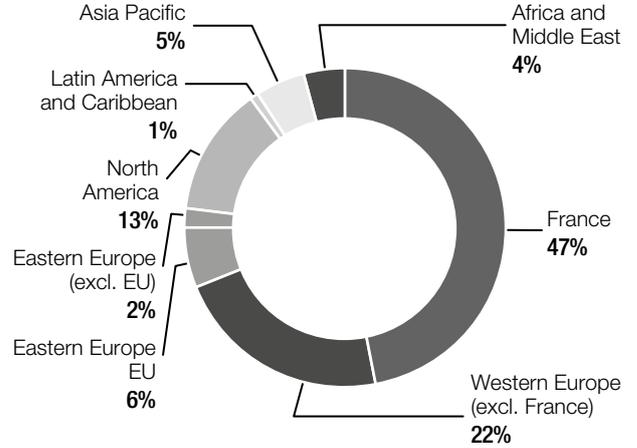
At 31 December 2021, exposures on banking clients were concentrated on Investment Grade counterparties (93% of the exposure) and in developed countries (91%).

Geographic breakdown of Group exposure

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2021 (ALL CLIENT TYPES INCLUDED): EUR 1,079BN

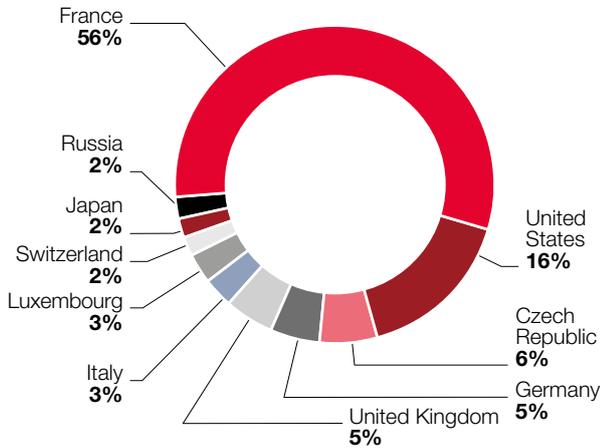


GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE AT 31 DECEMBER 2020 (ALL CLIENT TYPES INCLUDED): EUR 1,004BN

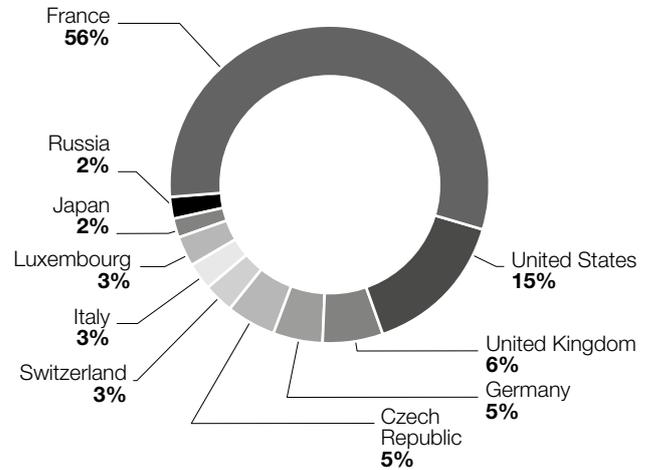


At 31 December 2021, 90% of the Group's on- and off-balance sheet exposures were concentrated in the advanced economies. Almost half of the overall amount of outstanding loans concerned French clients (32% exposure to the non-retail portfolio and 14% to the retail one).

GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2021: EUR 898BN



GEOGRAPHIC BREAKDOWN OF GROUP RISK EXPOSURE ON TOP TEN COUNTRIES AT 31 DECEMBER 2020: EUR 844BN



The Group's exposure to its top ten countries represented 83% of total exposure (i.e. EUR 898 billion of EAD) at 31 December 2021 (versus 84% and EUR 844 billion of EAD at 31 December 2020).

TABLE 22: BREAKDOWN OF EXPOSURES (CREDIT AND COUNTERPARTY CREDIT RISKS) ON TOP FIVE COUNTRIES BY EXPOSURE CLASS (IN %)

	France		United States		United Kingdom		Germany		Czech Republic	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sovereign	30%	29%	30%	31%	16%	32%	16%	19%	29%	31%
Institutions	9%	9%	12%	16%	23%	18%	21%	16%	4%	4%
Corporates	22%	22%	44%	40%	39%	33%	26%	25%	29%	29%
Retail	31%	32%	0%	0%	6%	4%	18%	21%	36%	34%
Other	8%	8%	14%	13%	16%	13%	19%	19%	2%	2%

Change in risk-weighted assets (RWA) and capital requirements for credit and counterparty credit risks

TABLE 23: CHANGE IN RISK-WEIGHTED ASSETS (RWA) BY APPROACH (CREDIT AND COUNTERPARTY CREDIT RISKS)

(In EURm)	RWA - IRB	RWA - Standard	RWA - Total	Capital requirements - IRB	Capital requirements - Standard	Capital requirements - total
RWA as at end of previous reporting period (31.12.2020)	187,407	96,708	284,115	14,993	7,737	22,729
Asset size	(2,599)	7,138	4,539	(208)	571	363
Asset quality	(1,204)	(23)	(1,227)	(96)	(2)	(98)
Model updates	3,185	(1,754)	1,431	255	(140)	114
Methodology and policy	1,633	3,345	4,978	131	268	398
Acquisitions and disposals	(38)	118	79	(3)	9	6
Foreign exchange movements	3,190	1,692	4,882	255	135	391
Other	795	2,459	3,254	64	197	260
RWA as at end of reporting period (31.12.2021)	192,368	109,682	302,051	15,389	8,775	24,164

The table above presents the data without CVA (Credit Valuation Adjustment).

The main effects explaining the EUR 18 billion rise in RWA (excluding CVA) in 2021 are as follows:

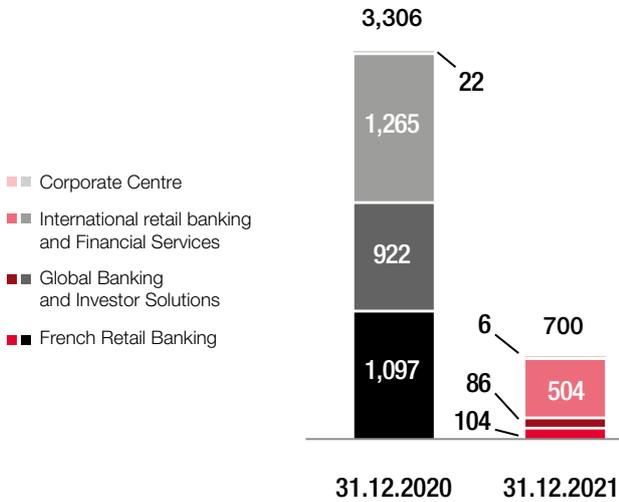
- an increase linked to business growth representing EUR +4.5 billion. This upward evolution mainly regards retail activities and global banking advisory;
- a foreign exchange effect of EUR +4.9 billion, mainly related to the appreciation of the US dollar against the euro (EUR +2.3 billion), as well as that of the Czech crown (EUR +0.4 billion);
- a methodological effect of EUR +5.0 billion located on the counterparty credit risk generated by derivatives, following the replacement of the former CEM method by the SA-CCR approach;
- An other effect of EUR +3.3 billion mainly related to the reclassification of automotive leasing activities.

The effects are defined as follows:

- asset size: organic changes in book size and composition (including the creation of new business lines and maturing loans) but excluding changes due to acquisitions and disposals of entities;
- asset quality: changes in the quality of the Bank's assets due to changes in borrower risk, such as rating grade migration or similar effects;
- model updates: changes due to model implementation, changes in model scope or any changes intended to address model weaknesses;
- methodology and policy: changes due to methodological changes in calculations driven by regulatory changes, including both revisions to existing regulations and new regulations;
- acquisitions and disposals: changes in book size due to acquisitions and disposals of entities;
- foreign exchange movements: changes arising from market fluctuations, such as foreign currency translation movements;
- other: this category is used to capture changes that cannot be attributed to any other categories.

Net cost of risk

CHANGE IN GROUP NET COST OF RISK (IN EURM)



The **Group's net cost of risk** in 2021 was EUR -700 million, down by -79% compared to 2020. This cost of risk is thus down sharply compared to 2020, due to a very high level low cost of risk on defaulted outstandings (stage 3) and moderate reversals of provisions on sound outstandings (stage 1/stage 2) while maintaining a prudent provisioning policy in an environment that remains marked by strong uncertainties.

The cost of risk (expressed in basis points on the average of outstandings at the beginning of the period for the four quarters preceding the closing, including operating leases) thus stands at 13 basis points for the year 2021 compared to 64 basis points in 2020.

- In **French Retail Banking**, the cost of risk is down to 5 basis points in 2021 compared to 52 basis points in 2020. This NCR includes a recovery of 8 bp on sound outstandings (compared to the internship 1/internship 2 allocation of 30 bp in 2020).
- At 38 basis points in 2021 (compared to 96 basis points in 2020), the cost of risk for the **International Retail Banking and Financial Services** division decreased due to the slowdown in defaults and a recovery in 3 basis points on stage 1/stage 2.
- The cost of risk for **Global Banking and Investor Solutions** posted a level of 5 basis points (compared to 57 basis points in 2020), reflecting a sharp drop in the cost of risk on defaulted outstandings (8 bp against 38 bp in 2020) and a slight recovery of 3 bp on healthy outstandings.

Asset quality

TABLE 24: ASSET QUALITY

(In EURbn)	31.12.2021	31.12.2020
Performing loans	543.9	496.5
inc. Stage 1 book outstandings ⁽¹⁾	479.9	424.0
inc. Stage 2 book outstandings	43.5	49.9
Non-performing loans	16.5	17.0
inc. Stage 3 book outstandings	16.5	17.0
Total Gross book outstandings*	560.4	513.6
GROUP GROSS NON PERFORMING LOANS RATIO*	2.9%	3.3%
Provisions on performing loans	2.8	3.0
inc. Stage 1 provisions	1.1	1.1
inc. Stage 2 provisions	1.7	1.9
Provisions on non-performing loans	8.4	8.8
inc. Stage 3 provisions	8.4	8.8
Total provisions	11.2	11.8
GROUP GROSS NON-PERFORMING LOANS RATIO (PROVISIONS ON NON-PERFORMING LOANS/ NON-PERFORMING LOANS)	51%	52%

(1) Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning.

* Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated.

Restructured debt

Audited I For Societe Generale Group, “restructured” debt refers to loans with amounts, terms or financial conditions contractually modified due to the borrower’s insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured). Societe Generale aligns its definition of restructured loans with the EBA one.

Restructured debt does not include commercial renegotiations involving customers for whom the Bank has agreed to renegotiate the debt in order to maintain or develop a business relationship, in accordance with credit approval rules in force and without relinquishing any of the principal amounts or accrued interests.

Any situation leading to a credit restructuring and involving a loss of value greater than 1% of the original debt or in which the customer's

ability to repay the debt according to the new schedule appears compromised must result in the classification of the considered customer in Basel default and the classification of outstanding as impaired, in accordance with the EBA directives on the application of the definition of default according to Article 178 of European Regulation No. 575/2013. In this case, customers are kept in default for as long as the Bank is uncertain about their ability to honour their future commitments and at least for one year from the date of the restructuring. In other cases, an analysis of the customer's situation makes it possible to estimate his ability to repay according to the new schedule. Otherwise, the customer is also transferred to Basel default.

The total balance sheet amount of restructured debt at 31 December 2021 mainly corresponds to loans and receivables at amortised cost for an amount of EUR 8.1 billion. ▲

TABLE 25: RESTRUCTURED DEBT

(In EURm)	31.12.2021	31.12.2020
Non-performing restructured debt	3,342	2,470
Performing restructured debt	5,424	1,223
GROSS AMOUNT OF RESTRUCTURED DEBT⁽¹⁾	8,765	3,692

(1) Composed of EUR 8.2 billion carried on the balance sheet and EUR 0.6 billion as off-balance sheet at 31 December 2021.

4.6 COUNTERPARTY CREDIT RISK

Audited I Counterparty credit risk is the risk of losses on market operations, resulting from the inability of the counterparties facing the Group to meet their financial commitments.

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

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

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

4.6.1 DETERMINING LIMITS AND MONITORING FRAMEWORK

Main principles

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

The risk approval process follows the following fundamental principles:

- a system of delegation of competence, largely based on the internal rating of the counterparties, confers decision-making capacities to the risk units on the one hand and the customer monitoring sector on the other hand;
- the commercial monitoring sector and this risk unit must be independent of each other;
- the limits and internal rating set for each counterparty are proposed by the client monitoring sector and validated by the dedicated risk unit in charge of the counterparty type. Limits can be individual at the level of the counterparty, or global over a set of counterparties in the case of monitoring exposures in stress tests, for example.

These limits are subject to annual or *ad hoc* reviews depending on the needs and changing market conditions.

A dedicated team within the Risk Department is in charge of production, reporting and controls on risk metrics, namely:

- ensuring the completeness and reliability of the risk calculation by taking into account all the transactions booked by the transaction processing department;
- producing daily certification and risk indicator analysis reports;
- controlling compliance with defined limits, at the frequency of metrics calculation, most often on a daily basis: breaches of limits are reported to Front Office and Credit Officer for remediation actions.

In addition, a specific monitoring and approval process is implemented for the most sensitive counterparties or the most complex categories of financial instruments.

Governance

While not a substitute for CORISQ or for the Risk Committee of the Board of Directors (see the section on Risk management governance), the Counterparty Credit Risk Committee (CCRC) closely monitors counterparty credit risk through:

- a global overview on exposure and counterparty risk metrics such as the global stress tests, the Potential Future Exposure PFE, etc., as well as focuses on specific activities such as collateralised financing, or agency business;
- dedicated analysis in case of identification of emerging risk areas.

This Committee, chaired by the Risk Department on a monthly basis, brings together representatives from the Market Activities and the Global Banking and Advisory Business Units, but also departments that, within the risk management function, are in charge of monitoring counterparty credit risks on market transactions and credit risk. The CCRC also provides an opinion on the changes to the risk frameworks within its authority.

Replacement risk

The Group frames the replacement risks by limits:

- defined at the counterparty level;
- consolidated across all products types authorised with the counterparty;
- established by maturity buckets to control future exposure using the Potential Future Exposure (PFE) measure also known as CVaR within Societe Generale;
- calibrated according to the credit quality and the nature of the counterparty, the nature/maturity of the financial instruments contemplated (FX transactions, repos transactions, security lending transactions, derivatives, etc.), and the economic understanding, the contractual legal framework agreed and any other risk mitigants.

The Group also considers other measures to monitor replacement risk:

- a multifactor stress test on all counterparties, which allows to holistically quantify the potential loss on market activities following market movements which could trigger a wave of defaults on these counterparties;
- a set of single-factor stress tests to monitor the general wrong-way risk (see section 4.6.3.3 on Wrong Way Risk).

CVA (Credit Valuation Adjustment)

In addition to the replacement risk, the CVA (Credit Valuation Adjustment) measures the adjustment of the value of the Group's derivatives and repos portfolio in order to take into account the credit quality of the counterparties facing the Group (see section 4.6.3.2 "Credit Valuation Adjustment").

Positions taken to hedge the volatility of the CVA (credit, interest rate or equity instruments) are monitored through:

- sensitivity limits;
- stress test limits: scenarios representative of the market risks impacting the CVA (credit spreads, interest rates, exchange rates and equity) are applied to carry out the stress test on CVA.

The different indicators and the stress tests are monitored on the net amount (the sum of the CVA exposure and of their hedges).

Risk on central counterparties

Clearing of transactions is a common market practice for SG, notably in compliance with the EMIR (European Market Infrastructure Regulation) regulations in Europe and the DFA (Dodd-Frank Act) in the United States, which require that the most standardised over-the-counter transactions be compensated *via* clearing houses approved by the authorities and subject to prudential regulation.

As a member of the clearing houses with which it operates, the Group contributes to their risk management framework through deposits into the defaults funds, in addition to margin calls.

The counterparty credit risk stemming from the clearing of derivatives and repos with central counterparties (CCP) is subject to a specific framework on:

- initial margins, both for house and client activities (client clearing);
- the Group's contributions to the CCP default funds (guarantee deposits);
- a stress test defined to capture the impact of a scenario where a major CCP member should default. ▲

See table "EAD and RWA on central counterparties" of section 4.6.3.4 "Quantitative Information" for more information.

4.6.2 MITIGATION OF COUNTERPARTY CREDIT RISK ON MARKET TRANSACTIONS

Audited I The Group uses various techniques to reduce this risk:

- the signing, in the most extensive way possible, of close-out netting agreements for over-the-counter (OTC) transactions and Securities Financing Transactions (SFT);
- the collateralisation of market operations, either through clearing houses for eligible products (listed products and certain of the more standardised OTC products), or through a bilateral margin call exchange mechanism which covers both current exposure (variation margins) but also future exposure (initial margins).

Close-out netting agreements

Societe Generale's standard policy is to conclude master agreements including provisions for close-out netting.

These provisions allow on the one hand the immediate termination (close out) of all transactions governed by these agreements when one of the parties defaults, and on the other hand the settlement of a net amount corresponding to the total value of the portfolio, after netting of mutual debts and claims. This balance may be the subject of a guarantee or collateralisation. It results in a single net claim owed by or to the counterparty.

In order to reduce the legal risk associated with documentation and to comply with key international standards, the Group documents these agreements under the main international standards as published by national or international professional associations such as International Swaps and Derivatives Association (ISDA), International Capital Market Association (ICMA), International Securities Lending Association (ISLA), French Banking Federation (FBF), etc.

These contracts establish a set of contractual terms generally recognised as standard and give way to the modification or addition of more specific provisions between the parties in the final contract, for example regarding the triggering events. This standardisation reduces implementation times and secures operations. The clauses negotiated by clients outside the bank's standards are approved by the decision-making bodies in charge of the master agreements standards – Normative Committee and/or Arbitration Committee – made up of representatives of the Risk Division, the Business Units, the Legal Division and other decision-making departments of the bank. In accordance with regulatory requirements, the clauses authorising global close-out netting and collateralisation are analysed by the bank's legal departments to ensure that they are enforceable under the legal provisions applicable to clients.

Collateralisation

Most of over-the-counter transactions are collateralised. There are two types of collateral exchanges:

- initial margin (IM) or Independent Amount (IA⁽¹⁾): an initial amount of collateral aiming at covering potential future exposure, *i.e.* the unfavourable change in the Mark-to-Market of positions in the time period between the last collection of margins and the liquidation of positions following the counterparty default;
- variation margin (VM): collateral collected to cover current exposure arising from Mark-to-Market changes, used as an approximation of the actual loss resulting from the default of one of the counterparties.

All aspects of the margining regime are defined in collateral arrangements, such as credit support annexes (CSA⁽²⁾). The main features defined are:

- the scope covered (*i.e.* the nature of transactions allowed);
- the eligible collateral and the applicable haircut: main types of collateral exchanged are cash or high-quality and liquid assets according to the Group's policy, and are subject to a haircut, which is the valuation percentage applicable to each type of collateral, based on liquidity and price volatility of the underlying during both normal and stressed market conditions;
- the timing and frequency of the calculation of the margin call and exchanges, usually daily;
- the margin call thresholds if not under regulatory obligation;
- the Minimum Transfer Amount (MTA).

In addition, specific parameters or optional features can be defined depending on the type of counterparty/transaction, such as an additional guarantee amount (flat-rate increase of the exposure allowing the party making a margin call to be "over-collateralised"), or rating-dependent clauses, typically mutual in nature, where additional collateral is requested in case of a party's rating downgrade.

The Group monitors given and received collateral exchanges. In case of discrepancies between the parties with respect to margin call amounts, dedicated teams from the operations and the risk departments are in charge of analysing the impacted transactions to ensure they are correctly valued and of addressing the issue.

BILATERAL COLLATERAL EXCHANGE

The initial margin, historically very rare except with hedge funds, was generalised by EMIR and DFA regulations which introduced the

mandatory use of master agreements and related CSA, prior to or when entering into an uncleared OTC derivatives transactions. It is now mandatory for the Group to exchange IM and VM for non-cleared OTC derivatives transactions with a large number of its counterparties (its financial counterparties and some non-financial counterparties above certain thresholds defined by the regulation, with compliance dates depending on the volume of transactions).

The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties subject to mandatory bilateral collateral exchange requirements to waive these rules in certain circumstances. The Group has incorporated a waiver application process for intra-group entities into its risk management policies. The eligibility criteria for this waiver are framed and monitored as required by the Delegated Regulation.

CLEARING HOUSES

EMIR and DFA regulations have also required that the most standard over-the-counter derivatives transactions be compensated through clearing houses. The Group thus compensates its own operations (principal activity), but also client clearing activities (agency-type activity), which are subject to systematic margin calls to mitigate counterparty credit risk (customers posting daily variation margins and initial margins to Societe Generale, in order to cover current exposure and future exposure). The Regulatory Technical Standards (RTS) on Initial Margin Model Validation (IMMV) under EMIR allows counterparties to waive the mandatory clearing *via* a clearing house for intra-group transactions for standardised derivatives transactions. The Group includes and applies this exemption according to the rules and criteria defined. ▲

The use of CCPs enables credit risk to be mitigated through the CCP's settlement systems by:

- applying the bilateral set-off of daily amounts payable in the same currency (payment netting), either to all derivatives, or by class of derivatives cleared by the CCP;
- providing in most cases for the termination of cleared transactions by the CCP in the event of its default.

OTHER MEASURES

In addition to margin requirements for some counterparties or mandatory clearing for the most standardised derivatives transactions, DFA and EMIR provide for an extensive framework for the regulation and transparency of OTC derivatives markets, such as reporting of OTC derivatives, timely confirmation or trade acknowledgement.

(1) IA (Independent Amount) is the same concept as initial margin, but applies to different perimeters (OTC swaps not cleared for IA).

(2) The Credit Support Annex (CSA) is a legal document under ISDA contract that regulates the management of collateral between two counterparties.

4.6.3 COUNTERPARTY CREDIT RISK MEASURES

4.6.3.1 Replacement risk

Audited I The measure of replacement risk is based on an internal model that determines the Group's exposure profiles. As the value of the exposure to a counterparty is uncertain and variable over time, we estimate the potential future replacement costs over the lifetime of the transactions. ▲

PRINCIPLES OF THE MODEL

The future fair value of market transactions with each counterparty is estimated from Monte Carlo models based on a historical analysis of market risk factors.

The principle of the model is to represent the possible future financial markets conditions by simulating the evolutions of the main risk factors to which the institution's portfolio is sensitive. For these simulations, the model uses different diffusion models to account for the characteristics inherent in the risk factors considered and uses a 10-year history for calibration.

The transactions with the various counterparties are then revalued according to these different scenarios at the different future dates until the maturity of the transactions, taking into account the terms and conditions defined in the contractual legal framework agreed and the credit mitigants, notably in terms of netting and collateralisation only to the extent we believe that the credit mitigants provisions are legally valid and enforceable.

The distribution of the counterparty exposures thus obtained allows the calculation of regulatory capital for counterparty credit risk and the economic monitoring of positions.

The Risk Department responsible for Model Risk Management at Group level, assesses the theoretical robustness (review of the design and development quality), the compliance of the implementation, the suitability of the use of the model and continuous monitoring of the relevance of the model over time. This independent review process ends with (i) a report that describes the scope of the review, the tests carried out, the results of the review, the conclusions or recommendations and (ii) review and approval Committees. This model review process gives rise to (i) recurring reports to the Risk Management Department within the framework of various committees and processes (Group Model Risk Management Committee, Risk Appetite Statement/Risk Appetite Framework, monitoring of recommendations, etc.) and (ii) a yearly report to the Board of Directors (CORISQ).

REGULATORY INDICATOR

Audited I With respect to the calculation of capital requirements for counterparty credit risk, the ECB, following the Targeted Review of Internal Models, has renewed the approval for using the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator.

For products not covered by the internal model as well as for entities in the Societe Generale Group that have not been authorised by the supervisor to use the internal model, the Group uses the market-price valuation method for derivatives⁽¹⁾ and the general financial security-based method for securities financing transactions (SFT⁽²⁾).

The effects of compensation agreements and collateralisation are taken into account either by their simulation in the internal model when such credit risk mitigant or guarantees meet regulatory criteria, or by applying the rules as defined in the market-price valuation method or the financial security-based method, by subtracting the value of the collateral.

These exposures are then weighted by rates resulting from the credit quality of the counterparty to compute the Risk Weighted Assets (RWA). These rates can be determined by the standard approach or the advanced approach (IRBA).

As a general rule, when EAD is modelled in EEPE and weighted according to IRB approach, there is no adjustment of the LGD according to the collateral received as it is already taken into account in the EEPE calculation. ▲

The RWA breakdown for each approach is available in the "Analysis of Counterparty Credit Risk Exposure by Approach" table in Section 4.6.3.4 "Quantitative Information".

ECONOMIC INDICATOR

For the economic monitoring of positions, Societe Generale relies mainly on a maximum exposure indicator determined from the Monte Carlo simulation, called internally Credit Value-at-Risk (CVaR) or PFE (Potential Future Exposure). This is the maximum amount of loss that could occur after eliminating 1% of the most adverse occurrences. This indicator is calculated at different future dates, which are then aggregated into segments, each of them being framed by limits.

The Group has also developed a set of stress test scenarios to determine the exposure that would result from changes in the fair value of transactions with all its counterparties in the event of an extreme shock affecting the market parameters.

4.6.3.2 Credit Valuation Adjustment

MAIN PRINCIPLES

The CVA (Credit Valuation Adjustment) refers to adjustment to marked-to-market of the derivatives and repos portfolio to take into account the credit quality of each counterparty facing the Group in the valuation. This adjustment is equivalent to the counterparty credit risk hedging cost in the Credit Default Swap (CDS) market.

For a specific counterparty, the CVA is determined on the basis of:

- the positive expected exposure to the counterparty, which is the average of the positive hypothetical future exposure values for a transaction or a group of transactions. It is mainly determined using risk neutral Monte Carlo simulations of risk factors that may affect the valuation of the derivatives transactions. The transactions are revalued through time according to the different scenarios, taking into account the terms and conditions defined in the contractual legal framework agreed, notably in terms of netting and collateralisation (i.e. that transactions with appropriate credit mitigants will generate lower expected exposure compared to transactions without credit mitigants);

(1) In this method, the EAD (Exposure At Default) relating to the Bank's counterparty credit risk is determined by aggregating the positive market values of all transactions (replacement cost) supplemented by an add-on factor.

(2) Securities Financing Transactions.

- the probability of default of the counterparty, which is linked to the level of CDS spreads;
- the amount of losses in the event of default (LGD – Loss Given Default taking into account the recovery rate).

The Group calculates this adjustment for all counterparties which are not subject to a daily margin call or for which collateral only partially covers the exposure.

CAPITAL REQUIREMENT FOR CVA RISK

The financial institutions are subject to the calculation of a capital requirement under the CVA, to cover its variation over ten days. The scope of counterparties is reduced to financial counterparties as defined in EMIR (European Market Infrastructure Regulation) or to certain Corporates that may use derivatives beyond certain thresholds and for purposes other than hedging.

The CVA charge is determined by the Group mainly using the advanced method:

- the positive expected exposure to the counterparty is mainly determined using the internal model described in section 4.6.3.1, which estimates the future exposure profiles to a counterparty, taking into account counterparty credit risk mitigants;
- the VaR and the Stressed VaR on CVA are determined using a similar methodology to the one developed for the calculation of the market VaR (see market risk chapter). This method consists of an “historical” simulation of the change in the CVA due to fluctuations in the credit spreads observed on the counterparties in portfolio, with a confidence interval of 99%. The calculation is made on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to the period of greatest tension in terms of credit spreads (stressed VaR on CVA);
- the capital charge is the sum of two elements: VaR on CVA and Stressed VaR on CVA multiplied by a coefficient set by the regulator, specific to each bank.

The positions not taken into account in the advanced method are subject to a capital charge determined through the standard method by applying a normative weighting factor to the product of the EAD (Exposure At Default) by a maturity calculated according to the rules defined by the CRR (Capital Requirement Regulation); see the “Transactions subject to own funds requirements for CVA risk” table in Section 4.6.3.4 “Quantitative Information”) for the breakdown of CVA-related RWA between advanced and standard methods.

CVA RISK MANAGEMENT

The management of this exposure and of this regulatory capital charge led the Bank to purchase hedging instruments such as Credit Default Swap (CDS) from large credit institutions on certain identified counterparties or on indices composed of identifiable counterparties. In addition to reducing credit risk, it decreases the variability of the CVA and the associated capital amounts resulting from fluctuations in counterparty credit spreads.

4.6.3.3 Unfavorable correlation risk (wrong-way risk)

Wrong-way risk is the risk of the Group’s exposure to a counterparty increasing significantly, combined with a simultaneous increase in the probability of the counterparty defaulting.

There are two different cases:

- general wrong-way risk arises when the likelihood of default by counterparties is positively correlated with general market risk factors;
- specific wrong-way risk arises when future exposure to a specific counterparty is positively correlated with the counterparty’s probability of default due to the nature of the transaction with the counterparty.

Specific wrong-way risk, in the case of a legal link between the counterparty and the underlying of a transaction concluded with the counterparty, is subject to dedicated regulatory capital requirements, calculated on the perimeter of transactions carrying such risk. Furthermore, for counterparties subject to such a specific risk, the Potential Future Exposure (PFE) is also increased, so that the transactions allowed by the limits in place will be more constrained than in the absence of specific risk.

The general wrong-way risk is controlled *via* a set of stress tests applied to transactions made with a given counterparty, based on scenarios common with the market stress tests. This set-up is based on:

- a quarterly analysis of stress tests on all counterparties (financial institutions, corporates, sovereigns, hedge funds and proprietary trading groups) for principal and agency (client clearing) businesses, allowing to understand the most adverse scenarios related to a joint deterioration in the quality of counterparties and the associated positions;
- a weekly monitoring of dedicated single-factor stress tests for hedge fund counterparties and Proprietary Trading Groups, subject to limits at the counterparty level.

4.6.3.4 Quantitative Information

TABLE 25: COUNTERPARTY CREDIT RISK EXPOSURE, EAD AND RWA BY EXPOSURE CLASS AND APPROACH

Counterparty credit risk is broken down as follows:

31.12.2021									
<i>(In EURm)</i>	IRB			Standard			Total		
Exposure classes	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	EAD	RWA
Sovereign	24,471	24,511	395	177	177	4	24,648	24,688	399
Institutions	16,653	16,727	3,664	38,068	38,363	960	54,721	55,090	4,624
Corporates	56,698	56,583	14,554	4,441	4,147	4,051	61,139	60,730	18,605
Retail	83	83	8	23	23	14	106	106	21
Other	7	7	2	4,295	4,295	1,022	4,302	4,302	1,023
TOTAL	97,912	97,912	18,622	47,004	47,004	6,051	144,916	144,916	24,673

31.12.2020									
<i>(In EURm)</i>	IRB			Standard			Total		
Exposure classes	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	EAD	RWA
Sovereign	23,472	23,560	382	170	170	-	23,642	23,730	382
Institutions	19,536	19,673	3,387	23,628	23,928	1,403	43,164	43,601	4,789
Corporates	54,370	54,145	15,786	1,697	1,398	1,246	56,067	55,543	17,032
Retail	121	121	8	2	2	2	122	122	10
Other	1	1	-	3,499	3,499	986	3,500	3,500	987
TOTAL	97,500	97,500	19,563	28,996	28,996	3,636	126,496	126,496	23,199

The tables above feature amounts excluding the CVA (Credit Valuation Adjustment) which represents EUR 2.8 billion of risk-weighted assets (RWA) at 31 December 2021 (vs. EUR 3.1 billion at 31 December 2020).

TABLE 26: ANALYSIS OF COUNTERPARTY CREDIT RISK EXPOSURE BY APPROACH

31.12.2021								
(In EURm)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWA
Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	2,027	20,727		1.4	67,282	31,808	31,794	9,304
IMM (for derivatives and SFTs)			35,417	1.85	472,121	62,416	62,322	13,088
<i>of which securities financing transactions netting sets</i>			16,892		395,150	28,067	28,067	2,142
<i>of which derivatives and long settlement transactions netting sets</i>			18,453		76,847	34,217	34,123	10,946
<i>of which from contractual cross-product netting sets</i>			71		124	132	132	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					27,145	11,245	11,245	994
VaR for SFTs					-	-	-	-
TOTAL					566,548	105,470	105,361	23,385

31.12.2020							
(In EURm)	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWA
Mark to market		21,626	29,694			26,586	5,677
Original exposure							
Standardised approach							
IMM (for derivatives and SFTs)				36,449	1.85	67,431	15,767
<i>of which securities financing transactions</i>				15,500	1.85	28,676	2,270
<i>of which derivatives and long settlement transactions</i>				20,949	1.85	38,756	13,497
<i>of which from contractual cross-product netting</i>							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)						9,937	383
VaR for SFTs							
TOTAL							21,827

TABLE 27: EXPOSURES TO CENTRAL COUNTERPARTIES

<i>(In EURm)</i>	31.12.2021		31.12.2020	
	Exposure value	RWA	Exposure value	RWA
Exposures to QCCPs (total)		1,273		1,228
Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	7,083	142	10,038	201
(i) OTC derivatives	759	15	1,003	20
(ii) Exchange-traded derivatives	5,866	117	7,243	145
(iii) SFTs	457	9	1,791	36
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	22,466		12,701	
Non-segregated initial margin	5,555	111	2,036	41
Pre-funded default fund contributions	3,992	1,020	3,474	986
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs		-	61	35
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which:	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) SFTs	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		35	35
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	25	-
Unfunded default fund contributions	-	-	-	-

TABLE 28: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

<i>(In EURm)</i>	31.12.2021		31.12.2020	
	Exposure value	RWA	Exposure value	RWA
Total transactions subject to the Advanced Method	33,066	2,218	37,471	2,783
(i) VaR component (including the 3×multiplier)		193		740
(ii) Stressed VaR component (including the 3×multiplier)		2,025		2,043
Transactions subject to the Standardised Method	6,812	589	5,349	347
Transactions subject to the Alternative approach (based on Original Exposure Method)	-	-	-	-
Total transactions subject to own funds requirements for CVA risk	39,878	2,807	42,821	3,131

4.7 MARKET RISK

Audited I Market risk is the risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters, and the correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, the price of securities (equities or bonds), commodities, derivatives and other assets. ▲

4.7.1 ORGANISATION OF MARKET RISK MANAGEMENT

Main functions

Audited I Although primary responsibility for managing risk exposure relies on the front office managers, the supervision system comes under the Market Risk Department of the Risk Department, which is independent from the businesses.

The main missions of this department are:

- the definition and proposal of the Group's market risk appetite;
- the proposal of appropriate market risk limits by Group activity to the Group Risk Committee (CORISQ);
- the assessment of the limit requests submitted by the different businesses within the framework of the overall limits authorised by the Board of Directors and General Management, and based on the use of these limits;
- the permanent verification of the existence of an effective market risk monitoring framework based on suitable limits;
- the definition of the indicators used to monitor market risk;
- the daily calculation and certification of the market risk indicators, of the P&L resulting from market activities, based on formal and secure procedures, and then of the reporting and the analysis of these indicators;
- the daily monitoring of the limits set for each activity.

In order to perform its tasks, the department also defines the architecture and the functionalities of the information system used to produce the risk and P&L indicators for market transactions, and ensures it meets the needs of the different businesses and of the Market Risk Department. ▲

This department contributes to the detection of possible rogue trading operations through a monitoring mechanism based on alert levels (on gross nominal value of positions for example) applied to all instruments and desks.

Governance

Market risks oversight is provided by various Committees at different levels of the Group:

- the Risk Committee of the Board of Directors⁽¹⁾ is informed of the Group's major market risks; in addition, it issues a recommendation on the most substantial proposed changes in terms of market risk measurement and framework (after prior approval by the CORISQ); this recommendation is then referred to the Board of Directors for a decision;
- the Group Risk Committee⁽²⁾ (CORISQ), chaired by the Chief Executive Officer of the Group, is regularly informed of Group-level market risks. Moreover, upon a proposal from the Risk Department, it validates the main choices with regard to market risk measurement, as well as the key developments on the architecture and implementation of the market risk framework at Group level;
- the market risks related to the Global Markets Division are reviewed during the Market Risk Committee⁽³⁾ (MRC) led by the Market Risk Department and co-chaired by the Risk Department and by the Global Markets Division. This Committee provides information on risk levels for the main risk indicators as well as for some specific activities pointed out depending on market or business driven events. It also provides an opinion on the market risk framework changes falling under the remit of the Risk Department and Global Markets Division.

During these Committees, the market activities P&L and several metrics for monitoring market risks are systematically reported:

- stress test measurements: Global Stress Test on market activities and Market Stress Test;
- regulatory metrics: Value-at-Risk (VAR) and Stressed Value-at-Risk (SVAR).

In addition to these Committees, detailed and summary market risk reports, produced on a daily, weekly, monthly or quarterly basis, either related to various Group levels or geographic areas, are sent to the relevant business line and risk function managers.

In terms of governance, within the Market Risk Department, the main functional and transversal subjects are dealt with during Committees organised by value chains (market risk, P&L, etc.). These Committees are decision-making bodies, composed of senior representatives from each relevant Department teams and regions. ▲

(1) Gathered eight times in 2021.

(2) Gathered nine times in 2021.

(3) Gathered ten times in 2021.

4.7.2 MARKET RISK MONITORING PROCESS

Market risk appetite

Audited I The business development strategy of the Group for market activities is primarily focused on meeting clients' needs, with a comprehensive range of products and solutions. The risk resulting from these market activities is strictly managed through a set of limits for several indicators:

- the Value-at-Risks (VaR) and stressed Value-at-Risks (sVaR): these global indicators are used for market risk calculations for RWA and for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- stress test measurements, based on decennial shock-type indicators, which make it possible to restrict the Group's exposure to systemic risk and exceptional market shocks. These measurements can be global, multi-risk factor (based on historic or hypothetical scenarios), by activity or risk factor in order to take into account extreme risks on a specific market, or event-driven, to temporarily monitor a particular situation;
- sensitivity and nominal indicators used to manage the size of positions:
 - sensitivities are used to monitor the risk incurred locally on a given type of position (e.g. sensitivity of an option to changes in the underlying asset),
 - while nominal indicators are used for significant positions in terms of risk;
- additional indicators such as concentration risk or holding period, maximum maturity, etc. ▲

The Market Risk Department is responsible for the assessment and validation of the limit requests submitted by the different business lines. These limits ensure that the Group complies with the market risk appetite approved by the Board of Directors, further to a proposal from General Management⁽¹⁾.

4.7.3 MAIN MARKET RISK MEASURES

Stress test assessment

Audited I Societe Generale monitors its exposure using stress test simulations to take into account exceptional market disruptions.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected.

Two major metrics are defined and used:

- the Global Stress Test on market activities, which estimates the losses linked to market risks, market/counterparty cross-risk, and dislocation and carry risk on exotic activities, that could arise simultaneously in the event of a severe but plausible systemic crisis. This stress test is modeled on five scenarios;

Determining and monitoring limits

The choice and calibration of these limits ensure the operational transposition of the Group's market risk appetite through its organisation:

- these limits are allocated at various levels of the Group's structure and/or by risk factor;
- their calibration is determined using a detailed analysis of the risks related to the portfolio managed. This analysis may include various elements such as market conditions, specifically liquidity, position maneuverability, risk/rewards analysis, etc.;
- regular reviews make it possible to manage risks according to the prevailing market conditions;
- specific limits, or even bans, may be put in place to manage risks for which the Group has little or no risk appetite.

The desk mandates and Group policies stipulate that traders must have a sound and prudent management of positions and must respect the defined frameworks. The allowed transactions, as well as risk hedging strategies, are also described in the desks mandates. The limits set for each activity are monitored daily by the Market Risk Department. This continuous monitoring of the market risk profile is the object of regular discussions between the risk and business teams, further to which various risk hedging or mitigation initiatives may be taken by the front office in order to remain within the defined limits. In the event of a breach of the risk framework, and in compliance with the limits follow-up procedure, the front office must detail the reasons, and take the necessary measures to return within the defined framework, or otherwise request a temporary or permanent increase of limit if the clients requests and if market conditions justify such a course of action.

In addition to the governance structure in place between the various departments of the Risk function and business lines, the monitoring of limits usage, due to the products/solutions provided to clients and the market-making activities, also contributes to ensuring that market risk to which the Group is exposed are properly managed and understood.

- the Market Stress Test, which focuses solely on market risks, applying the same scenarios as the Global Stress Test and additional scenarios corresponding to different market conditions.

The various scenarios for those stress tests are reviewed by the Risk Division on a regular basis. These reviews are presented during dedicated biannual Committees, chaired by the Market Risk Department and attended by economists and representatives of Societe Generale's trading activities. These Committees cover the following topics: changes in scenarios (introduction, removal, shock review), appropriate coverage of the risk factors by the scenarios, review of the approximations made in terms of calculation, correct documentation of the whole process. The delegation level needed to validate the changes in stress test methodology depends on the impact of the change in question.

(1) See "Risk Appetite" section for the detailed description of the governance and implementation of the risk appetite, as well as the role the Risk Division plays in defining it.

The Global Stress Test on market activities limits and the Market Stress Test limits play a central role in the definition and the calibration of the Group's appetite for market risk: these indicators cover all activities and the main market risk factors and associated risks associated with a severe market crisis, this allows both to limit the overall amount of risk and to take into account any diversification effects.

This framework is complemented by stress-testing frameworks on four risk factors on which the Group has significant exposures, in order to reduce the overall risk appetite: equities, interest rates, credit spread and emerging markets.

GLOBAL STRESS TEST ON MARKET ACTIVITIES

The Global Stress Test on market activities is the main risk indicator used on this scope. It covers all the risks on market activities that would occur simultaneously in case of a severe, but plausible, market crisis. The impact is measured over a short period of time with an expected occurrence of once per decade. The Global Stress Test uses five market scenarios and has three components, each of which are considered in each of the five scenarios in order to ensure consistency within the same scenario:

- market risk;
- dislocation and carry risks on exotic activities related to concentration effects and crowded trades;
- market/counterparty cross-risks arising in transactions with weak counterparties (hedge funds and proprietary trading groups).

The Global Stress Test corresponds to the least favorable results arising from the five scenarios and their respective components.

Market risk component

It corresponds to:

- the results of the Market Stress Test⁽¹⁾ restricted to scenarios that could cause dislocation effects on market positions and default by weak counterparties. These scenarios all simulate a sharp fall in the equity markets and a widening in credit spreads which could trigger dislocation effects. Following the last review of the scenarios at the end of 2020, it was decided to use for the calculation of the stress test three theoretical scenarios (generalised (*i.e.* financial crisis scenario), eurozone crisis, general decline in risk assets) and two historical scenarios focusing respectively on the period of early October 2008 and early March 2020;
- the impact of the stress test scenario on CVA (Credit Value Adjustment) and FVA (Funding Value Adjustment) reserves, as their variations affect trading results.

Dislocation and carry risk component

Additional market risks to those assessed in the Market Stress Test can occur in market situation in which one or more participants – generally structured products sellers – have concentrated or crowded trades. Dynamic risk hedging strategies can cause larger market dislocations than those calibrated in the Market Stress Test, and these dislocations can extend beyond the shock timeline used due to an imbalance between supply and demand.

Equity, credit, fixed income, currency and commodity trading activities are regularly reviewed to identify these areas of risk and to define a scenario that takes into account the specific features of each activity and position. Each scenario associated with an identified area of risk is added to the market risk component if – and only if – it is compatible with the market scenario in question.

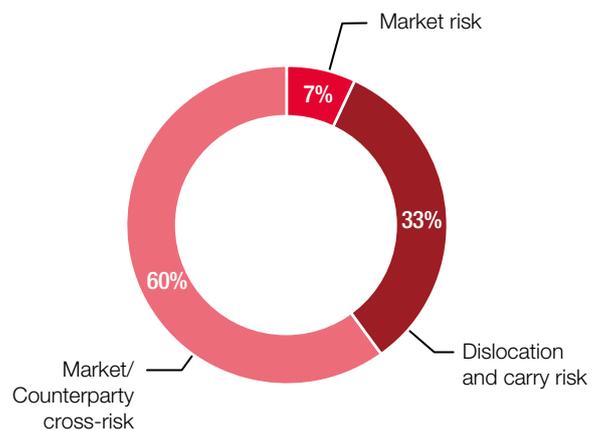
Market/counterparty cross-risk component on weak counterparties

Some counterparties may be significantly affected by a major crisis on the financial markets and their probability of default may increase. The third component of the Global Stress Test therefore aims to take into account this increased risk on certain types of weak counterparties (hedge funds and proprietary trading groups).

Two measurements are used:

- **the collateralised financing stress test:** this stress test focuses on collateralised financing activities and more specifically on weak counterparties. It applies a dislocation shock to several asset classes with the assumption of extremely tight liquidity conditions. Collateral and counterparty default rates are stressed concomitantly, taking into account any consanguinity with the collateral posted;
- **the adverse stress test on hedge funds and proprietary trading groups (PTG):** this stress test applies three pairs of stress scenarios to all market transactions generating replacement regarding this type of counterparty. Each set of scenarios consists of a short-term scenario (scenario derived from the Market Stress Test) applied to positions with margin calls, and a long-term scenario (whose shocks are generally more severe) for positions without margin calls. Stressed current exposures are weighted by the probability of default of each counterparty and by the loss given default (LGD), then aggregated. ▲

AVERAGE CONTRIBUTION OF THE COMPONENTS IN 2021 GLOBAL STRESS TEST ON MARKET ACTIVITIES



(1) Measurement of the impact in the Net Banking Product in case of shocks on all risk factors (refer to description below).

MARKET STRESS TEST

Audited I This metric focuses on market risk and estimates the loss resulting from shocks on the set of risk factors. This stress test is based on 11 scenarios⁽¹⁾ (four historical and seven hypothetical). The main principles are as follows:

- the scenario considered in the market stress test is the worst of the different scenarios defined;
- the shocks applied are calibrated on time horizons specific to each risk factor (the time horizon can range from five days for the most liquid risk factors to three months for the least liquid);
- risks are calculated every day for each of the Bank's market activities (all products together), using each of the historical and hypothetical scenarios.

Historical scenarios

This method consists of an analysis of the major economic crises that have affected the financial markets: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these main risk factors which, when applied to the Bank's trading positions, could generate significant losses. Accordingly, this approach makes it possible to determine the historical scenarios used for the calculation of the stress test. This set of scenarios is also the subject of regular reviews. In 2020, two new historical scenarios related to the Covid-19 crisis were integrated: a crisis scenario (marked by a decline in equity indices and an increase in credit spreads) as well as a rebound scenario (marked by an increase in equity indices and a decrease in credit spreads). Societe Generale is currently using four historical scenarios in the calculation of the stress test, which cover the periods from October to December 2008 and March 2020.

Hypothetical scenarios

The hypothetical scenarios are defined with the Group's economists and are designed to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all international markets. Accordingly, Societe Generale has defined seven hypothetical scenarios. ▲

Main risk factors	Description
Interest rates	Risk resulting from changes in interest rates and their volatility on the value of a financial instrument sensitive to interest rates, such as bonds, interest rate swaps, etc.
Share prices	Risk resulting from variations in prices and volatility of shares and equity indices, in the level of dividends, etc.
Exchange rates	Risk resulting from the variation of exchange rates between currencies and of their volatility.
Commodity prices	Risk resulting from changes in prices and volatility of commodities and commodity indices.
Credit Spreads	Risk resulting from an improvement or a deterioration in the credit quality of an issuer on the value of a financial instrument sensitive to this risk factor such as bonds, credit derivatives (credit default swaps for example).

Within the framework described above, the one-day 99% VaR, calculated according to the 260 scenarios, corresponds to the weighted average⁽²⁾ of the second and third largest losses computed, without applying any weighting to the scenarios.

(1) Including the scenarios used in the global stress tests on market activities.

(2) 39% of the second highest risk and 61% of the third highest risk.

Regulatory indicators

99% VALUE-AT-RISK (VAR)

Methodology

Audited I The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the regulatory capital requirements. This approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The Value-at-Risk (VaR) assesses the potential losses on positions over a defined time horizon and for a given confidence interval (99% for Societe Generale). The method used is the "historical simulation" method, which implicitly takes into account the correlation between the various markets, as well as general and specific risk. It is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). Controls are regularly performed in order to check that all major risk factors for the trading portfolio of the Group are taken into account by the internal VaR model;
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period; these scenarios are updated daily with the inclusion of a new scenario and the removal of the oldest scenario. There are three coexisting methods for modeling scenarios (relative shocks, absolute shocks and hybrid shocks), the choice between these methods for a given risk factor is determined by its nature and its historical trend;
- the application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted market parameters: in most cases this calculation involves a full repricing. Nonetheless, for certain risk factors, a sensitivity-based approach may be used.

The day-to-day follow-up of market risk is performed *via* the one-day VaR, which is calculated on a daily basis at various granularity levels. Regulatory capital requirements, however, oblige us to take into account a ten-day horizon, thus we also calculate a ten-day VaR, which is obtained by multiplying the one-day VaR aggregated at Group level by the square root of ten. This methodology complies with regulatory requirements and has been reviewed and validated by the regulator.

The VaR assessment is based on a model and a certain number of conventional assumptions, the main limitations of which are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of the risk of loss under normal market conditions and does not take into account exceptionally significant fluctuations;
- VaR is computed using closing prices, meaning that intraday fluctuations are not taken into account;
- the use of a historical model is based on the assumption that past events are representative of future events and may not capture all potential events.

The Market Risk Department mitigates the limitations of the VaR model by performing stress tests and other additional measurements.

The same model is used for the VaR computation for almost all of Global Banking & Investor Solution's activities (including those related to the most complex products) and the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests, and capital charges are calculated using the standard method or through alternative in-house methods. For example, the currency risk of positions in the banking book is not calculated with an internal model because this risk is not subject to a daily revaluation and therefore cannot be taken into account in a VaR calculation.

Backtesting

The relevance of the model is checked through continuous backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The results of the backtesting are audited by the Risk Department in charge of the validation of internal models, which, as second line of defence, also assesses the theoretical robustness (from a design and development standpoint), the correctness of the implementation and the adequacy of the model use. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report

detailed the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to reporting to the appropriate authorities.

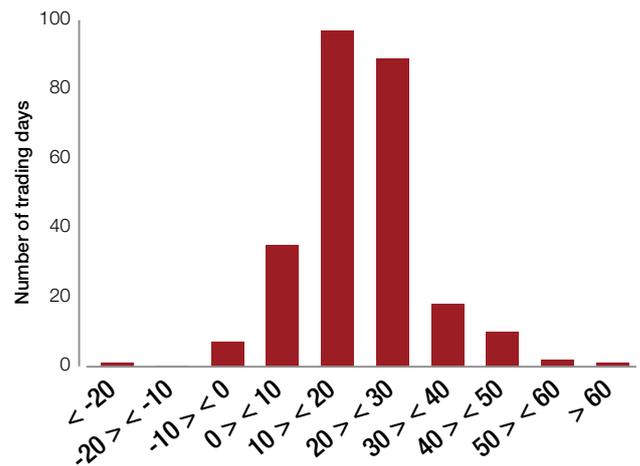
In compliance with regulations, backtesting compares the VaR to the (i) actual and (ii) hypothetical change in the portfolio's value:

- in the first case (backtesting against "actual P&L"), the daily P&L⁽¹⁾ includes the change in book value, the impact of new transactions and of transactions modified during the day (including their sales margins) as well as provisions and parameter adjustments made for market risk;
- in the second case (backtesting against "hypothetical P&L"), the daily P&L⁽²⁾ includes only the change in book value related to changes in market parameters and excludes all other factors. ▲

In 2021, we observed:

- one VaR backtesting breach in Q1 21, against actual P&L;
- three VaR backtesting breaches in Q4 21, against hypothetical P&L.

BREAKDOWN OF THE DAILY⁽³⁾ P&L OF MARKET ACTIVITIES (2021, IN EURM)



(1) "Actual P&L" by agreement hereinafter.

(2) "Hypothetical P&L" by agreement hereinafter.

(3) Actual P&L.

TRADING VAR (ONE-DAY, 99%), DAILY ACTUAL⁽¹⁾ P&L AND DAILY HYPOTHETICAL⁽²⁾ P&L OF THE TRADING PORTFOLIO (2021, IN EURM)



VaR Changes

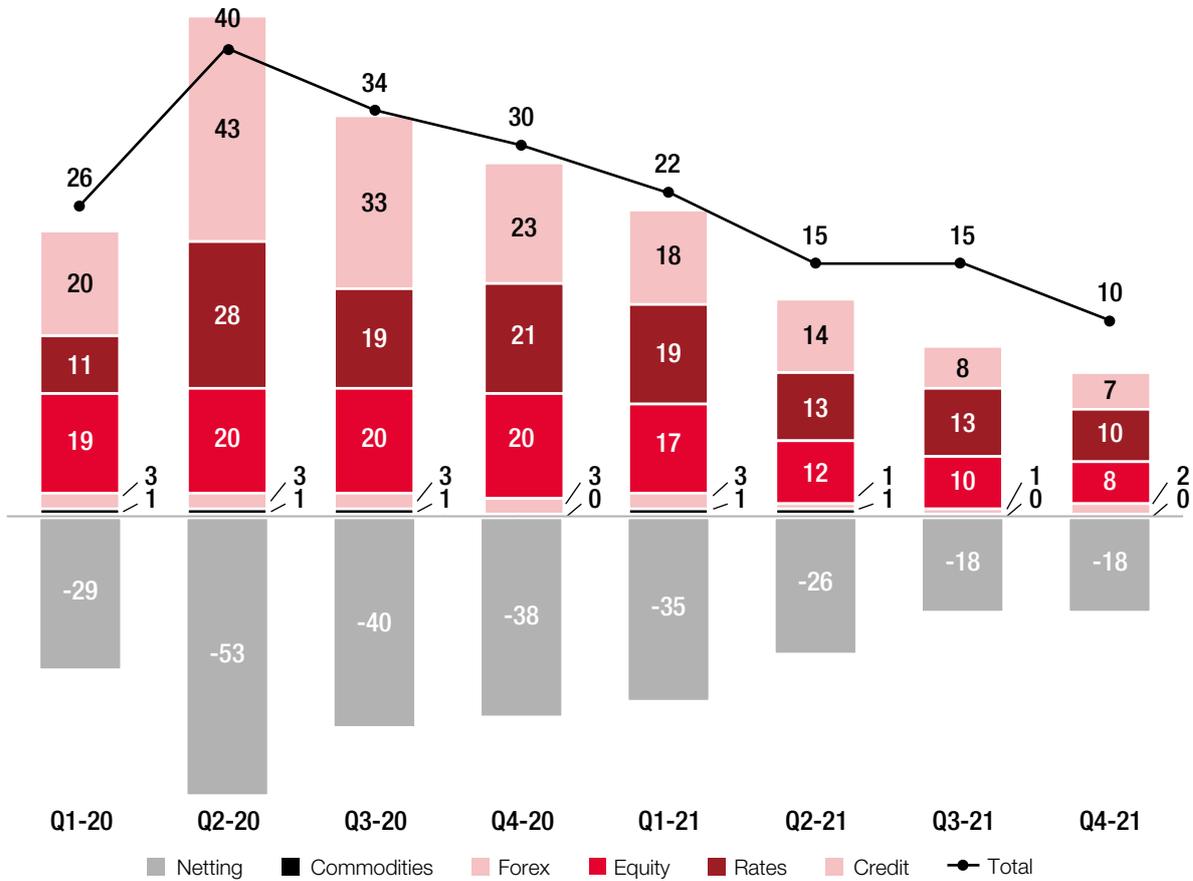
TABLE 29: REGULATORY TEN-DAY 99% VAR AND ONE-DAY 99% VAR

(In EURm)	31.12.2021		31.12.2020	
	VaR (10 days, 99%) ⁽¹⁾	VaR (1 day, 99%) ⁽¹⁾	VaR (10 days, 99%) ⁽¹⁾	VaR (1 day, 99%) ⁽¹⁾
Period start	75	24	93	29
Maximum value	98	31	188	60
Average value	49	15	103	33
Minimum value	18	6	35	11
Period end	25	8	67	21

(1) Over the scope for which capital requirements are assessed by internal model.

(1) Daily profit or loss used for the VaR backtesting against actual P&L, as defined in the "99% Value-at-Risk (VaR)".

(2) Daily profit or loss used for the VaR backtesting against hypothetical P&L, as defined in the "99% Value-at-Risk (VaR)".

AUDITED | BREAKDOWN BY RISK FACTOR OF TRADING VAR (ONE-DAY, 99%) - CHANGES IN QUARTERLY AVERAGE OVER THE 2020-2021 PERIOD (IN EURM)


Audited | VaR was less risky in 2021 (EUR 15 million versus EUR 33 million in 2020 on average). In line with the end of 2020, the VaR in 2021 continued its gradual decline over the year, reaching historically low levels in the 4th quarter. The decline was visible across all asset classes, which are also at low levels. ▲

STRESSED VAR (SVAR)

Audited | The Internal Stressed VaR model (SVaR) was introduced at the end of 2011 and has been approved by the Regulator within the scope of the regulatory capital requirements on the same scope as the VaR. As with the VaR model, this approval was renewed in 2020 at the Target Review of Internal Models (TRIM).

The calculation method used for the 99% one-day SVaR is the same as the one for the VaR. It consists in carrying out a historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, SVaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The method for determining the fixed historical stress window in effect in 2021, which has been approved by the regulator⁽¹⁾, is based on a review of the historic shocks on the risk factors representative of the Societe Generale portfolio (related to equity, fixed income, foreign

exchange, credit and commodity risks): historical shocks are aggregated to determine the period of highest stress for the entire portfolio. Each risk factor is assigned a weighting to account for the weight of each risk factor within its asset class and the weight of the asset class in the Group's VaR. The historical window used is reviewed annually. In 2021, this window was "September 2008-September 2009".

The ten-day SVaR used for the computation of the regulatory capital is obtained, as for VaR, by multiplying the one-day SVaR by the square root of ten.

The continuous backtesting performed on VaR model cannot be replicated to the SVaR model as, by definition, it is not sensitive to the current market conditions. However, as the VaR and the SVaR models rely on the same approach, they have the same advantages and limitations.

The relevance of the SVaR is regularly monitored and reviewed by the Risk Department in charge of the validation of internal models, as second line of defence. The independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

(1) A complementary method was submitted to the regulator for approval in Q2 2018: the purpose was to ensure the relevance of the period obtained following the method based on the weighting of historical shocks by computing an approached VaR on the same selection of risk factors representative of the portfolio. The ECB validated this new method at the end of 2021: thus, in 2022 it will be used to determine the new historical window.

SVaR decreased on average in 2021 (EUR 37 million versus EUR 50 million in 2020). Its evolution over the year was marked by three main stages:

- in the first two quarters of the year, the SVaR remained at a low level, following the end of 2020. The low variability comes mainly from exotic perimeters and equity volatility as well as interest rate activities;
- SVaR increased in Q3 to EUR 60 million. This increase comes mainly from interest rate perimeters, in particular CIM⁽¹⁾ Basis and exotic;
- SVaR then gradually declined to its average level. The decrease coming from interest rate perimeters, due to the exposure of interest rate smile, cross currency and sensitivity to OIS/BOR. ▲

TABLE 30: REGULATORY TEN-DAY 99% SVAR AND ONE-DAY 99% SVAR

(In EURm)	31.12.2021		31.12.2020	
	Stressed VaR (10 days, 99%) ⁽¹⁾	Stressed VaR (1 day, 99%) ⁽¹⁾	Stressed VaR (10 days, 99%) ⁽¹⁾	Stressed VaR (1 day, 99%) ⁽¹⁾
Period start	135	43	105	33
Maximum value	191	60	343	109
Average value	117	37	158	50
Minimum value	72	23	73	23
Period end	108	34	131	41

(1) Over the scope for which capital requirements are assessed by internal model.

IRC AND CRM

At end-2011, Societe Generale received approval from the Regulator to expand its internal market risk modeling system by including IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as for VaR. As with the VaR model, the approval of the IRC⁽²⁾ model was renewed in 2020 at the Target Review of Internal Models (TRIM).

They estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. These capital charges are incremental, meaning they are added to the charges calculated based on VaR and SVaR.

In terms of scope, in compliance with regulatory requirements:

- IRC is applied to debt instruments, other than securitisations and the credit correlation portfolio. In particular, this includes bonds, CDS and related derivatives;
- CRM exclusively covers the correlation portfolio, *i.e.* CDO tranches and First-to-Default products (FtD), as well as their hedging using CDS and indices.

Societe Generale estimates these capital charges using internal models⁽³⁾. These models determine the loss that would be incurred following especially adverse scenarios in terms of rating changes or issuer defaults for the year that follows the calculation date, without ageing the positions. IRC and CRM are calculated with a confidence interval of 99.9%: they represent the highest risk of loss obtained after eliminating 0.1% of the most unfavorable scenarios simulated.

The internal IRC model simulates rating transitions (including default) for each issuer in the portfolio, over a one-year horizon⁽⁴⁾. Issuers are classified into five categories: US-based companies, European companies, companies from other regions, financial institutions and sovereigns. The behaviours of the issuers in each category are

correlated with one other through a systemic factor specific to each category. In addition, a correlation between these five systemic factors is integrated to the model. These correlations, along with the rating transition probabilities, are calibrated from historical data observed over the course of a full economic cycle. In case of change in an issuer's rating, the decline or improvement in its financial health is modeled by a shock in its credit spread: negative if the rating improves and positive in the opposite case. The price variation associated with each IRC scenario is determined after revaluation of positions *via* a sensitivity approach, using the delta, the gamma as well as the level of loss in the event of default (Jump to Default), calculated with the market recovery rate for each position.

The CRM model simulates issuer's rating transitions in the same way as the internal IRC model. In addition, the dissemination of the following risk factors is taken into account by the model:

- credit spreads;
- basis correlations;
- recovery rate excluding default (uncertainty about the value of this rate if the issuer has not defaulted);
- recovery rate in the event of default (uncertainty about the value of this rate in case of issuer default);
- First-to-Default valuation correlation (correlation of the times of default used for the valuation of the First-to-Default basket).

These dissemination models are calibrated from historical data, over a maximum period of ten years. The price variation associated with each CRM scenario is determined thanks to a full repricing of the positions. In addition, the capital charge computed with the CRM model cannot be less than a minimum of 8% of the capital charge determined with the standard method for securitisation positions.

(1) Cross Inter Maturity.

(2) The CRM model was not within the scope of the Target Review of Internal Models.

(3) The same internal model is used for all portfolios for which an IRC calculation is required. The same is true for the portfolios on which a CRM calculation is performed. Note that the scope covered with internal models (IRC and CRM) is included in the VaR scope: only entities authorised for a VaR calculation via an internal model can use an internal model for IRC and CRM calculation.

(4) The use of a constant one-year liquidity horizon means that shocks that are applied to the positions to calculate IRC and CRM, are instantaneous one-year shocks. This hypothesis appears to be the most prudent choice in terms of models and capital, rather than shorter liquidity horizons.

The internal IRC and CRM models are subject to similar governance to that of other internal models meeting the Pillar 1 regulatory requirements. More specifically:

- an ongoing monitoring allows to follow the adequacy of IRC and CRM models and of their calibration. This monitoring is based at least on a yearly review of the modeling hypotheses. As these metrics are estimated *via* a 99.9% quantile over a one-year horizon, the low frequency of breaches means that a backtesting as the one performed on VaR model is not possible. In particular, this review includes:
 - a check of the adequacy of the structure of the rating transition matrices used for IRC and CRM models,
 - a backtesting of the probabilities of default used for these two models,
 - a check of the adequacy of the models for the dissemination of recovery rates, spread dissemination and dissemination of basic correlations used in the CRM calculation;

Regarding the checks on the accuracy of these metrics:

- the IRC calculation being based on the sensitivities of each instrument – delta, gamma – as well as on the level of loss in the event of default (Jump to Default) calculated with the market recovery rate, the accuracy of this approach is checked against a full repricing every six months,
- such a check on CRM is not necessary as its computation is performed following a full repricing;

- these metrics are compared to normative stress tests defined by the regulator. In particular, the EBA stress test and the risk appetite exercise are performed regularly on the IRC metric. These stress tests consist of applying unfavorable rating migrations to issuers, shocking credit spreads and shocking rating transition matrices. Other stress tests are also carried out on an *ad hoc* basis to justify the correlation hypotheses between issuers and those made on the rating transition matrix;
- a weekly analysis of these metrics is carried out by the production and certification team for market risk metrics;
- the methodology and its implementation have been initially validated by the French Prudential and Resolution Supervisory Authority (*Autorité de contrôle prudentiel et de résolution – ACPR*). Thereafter, a review of the IRC and the CRM is regularly carried out by the Risk Department in charge of the validation of internal models as second line of defence. This independent review process ends with (i) review and approval Committees and (ii) an Audit Report detailing the scope of the review, the tests performed and their outcomes, the recommendations and the conclusion of the review. The model control mechanism gives rise to recurrent reporting to the appropriate authorities.

Moreover, regular operational checks are performed on the completeness of the scope's coverage as well as the quality of the data describing the positions.

TABLE 31: IRC (99.9%) AND CRM (99.9%)

<i>(In EURm)</i>	31.12.2021	31.12.2020
Incremental Risk Charge (99.9%)		
Period start	101	93
Maximum value	205	172
Average value	116	103
Minimum value	51	53
Period end	67	112
Comprehensive Risk Measure (99.9%)		
Period start	66	95
Maximum value	102	462
Average value	64	116
Minimum value	40	51
Period end	57	70

4.7.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Allocation of exposures in the trading book

The on- and off-balance sheet items must be allocated to one of the two portfolios defined by prudential regulations: the banking book or the trading book.

The banking book is defined by elimination: all on- and off-balance sheet items not included in the trading book are included by default in the banking book.

The trading book consists of all positions in financial instruments and commodities held by an institution either for trading purposes or in order to hedge other positions in the trading book. The trading interest is documented as part of the traders' mandates.

The prudential classification of instruments and positions is governed as follows:

- the Finance Department's prudential regulation experts are responsible for translating the regulations into procedures, together with the Risk Department for procedures related to holding period and liquidity. They also analyse specific cases and exceptions. They share these procedures to the business lines;
- the business lines comply with these procedures. In particular, they document the trading interest of the positions taken by traders;
- the Finance and Risk Departments are in charge of the control framework.

The following controls are implemented in order to ensure that activities are managed in accordance with their prudential classification:

- new product process: any new product or activity is subject to an approval process that covers its prudential classification and regulatory capital treatment for transactions subject to validation;
- holding period: the Market Risk Department has designed a control framework for the holding period of certain instruments;

- liquidity: on a case-by-case basis or on demand, the Market Risk Department performs liquidity controls based on certain criteria (negotiability/transferability, bid/ask size, market volumes, etc.);
- strict process for any change in prudential classification, involving the business line and the Finance and Risk Divisions;
- internal audit: through its various periodic assignments, Internal Audit verifies or questions the consistency of the prudential classification with policies/procedures as well as the suitability of the prudential treatment in light of existing regulations.

Quantitative information

Almost 90% of Societe Generale capital requirements related to market risk are determined using an internal model approach. The standard approach is mainly used for the Collective Investment Units (CIU), for securitisation positions, but also for the positions presenting a foreign exchange risk, which are not part of the trading book, as well as for the Group's subsidiaries that do not have access to the core IT tools developed internally. The main entities concerned are some International Retail Banking and Financial Services entities such as SG Maroc, Rosbank, BRD, SG Tunisie, SG Algérie, etc.

Capital requirements for market risk decreased in 2021. This decline is reflected in most components:

- VaR continued its year-over-year decline, which began at the end of 2020, reaching historically low levels in Q4. This decline is reflected in all activities, including interest rates, credit and equity;
- IRC and CRM, whose decrease is mainly due to the reduction in debt instruments positions by the front office;
- RWAs calculated under the standard approach, which have mainly benefited from a reduction in interest rate risk especially to the reduced exposure of several subsidiaries.

The increase in capital requirements for risk assessed for ownership positions can be explained by both the front office activity (positions in options) and methodological changes.

TABLE 32: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY RISK FACTOR

(In EURm)	Risk-weighted assets			Capital requirement		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
VaR	1,343	4,117	(2,773)	107	329	(222)
Stressed VaR	7,227	6,671	555	578	534	44
Incremental Risk Charge (IRC)	840	1,758	(918)	67	141	(73)
Correlation portfolio (CRM)	815	1,066	(251)	65	85	(20)
Total market risk assessed by internal model	10,225	13,612	(3,387)	818	1,089	(271)
Specific risk related to securitisation positions in the trading portfolio	562	534	28	45	43	2
Risk assessed for currency positions	-	219	(219)	-	17	(17)
Risks assessed for interest rates (excl. securitisation)	285	975	(691)	23	78	(55)
Risk assessed for ownership positions	572	-	572	46	-	46
Risk assessed for commodities	0	0	(0)	0	0	(0)
Total market risk assessed by standard approach	1,419	1,728	(309)	114	138	(25)
TOTAL	11,643	15,340	(3,697)	931	1,227	(296)

TABLE 33: MARKET RISK CAPITAL REQUIREMENTS AND RWA BY TYPE OF RISK

(In EURm)	Risk-weighted assets		Capital requirement	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Risk assessed for currency positions	349	462	28	37
Risk assessed for credit (excl. deductions)	3,984	5,943	319	475
Risk assessed for commodities	39	43	3	3
Risk assessed for ownership positions	4,474	4,133	358	331
Risk assessed for interest rates	2,797	4,760	224	381
TOTAL	11,643	15,340	931	1,227

4.7.5 FINANCIAL INSTRUMENT VALUATION

Management risk related to financial instrument valuation relies on the Global Markets Division as first line of defence, by the team of valuation experts (Group Valuation) within the Finance Department, and finally by the team of independent review of valuation models within the Market Risk Department.

Governance

Governance on valuation topics is enforced through two valuation Committees, both attended by representatives of the Global Markets Division, the Market Risk Department and the Finance Division:

- the Global Valuation Committee is convened whenever necessary, and at least every quarter, to discuss and approve financial instrument valuation methodologies (model refinements, reserve methodologies, etc.). This Committee, chaired by the Finance Department and organised by its valuation expert team (Valuation Group) has global accountability with respect to the approval of the valuation policies;
- on a quarterly basis, the Global Valuation Review Committee, chaired by the Finance Department, reviews changes in reserves, valuation adjustment figures, and related accounting impacts. This analytical review is performed by the Valuation Group.

The topics related to Prudent Valuation are dealt with during methodological committees and validation committees, organised quarterly, and both chaired by the Finance Department and both attended by representatives of the Global Markets Division and the Market Risk Department.

Lastly, a Valuation Policy describes the valuation framework and its governance, specifying the breakdown of responsibilities between the stakeholders.

Valuation principles and associated controls

In terms of valuation, market products are marked to market, when such market prices exist; otherwise, they are valued using parameter-based models, in compliance with the IFRS 13 principles defining fair value.

On the one hand, each model designed by the front office is subject to independent validation by the Market Risks Department as second line of defence that especially checks the theoretical aspects of the model (relevance of the hypotheses, analytical calculations, numerical methods), its performance (for instance in case of stressed conditions) and its implementation in systems. Following this review, the validation status of the model, its scope of use and the recommendations to be dealt with are formalised in a report.

On the other hand, the parameters used in the valuation models – whether or not they come from observable data – are subject to controls by the Market Risks Department and the Finance Department (Independent Price Verification).

If necessary, the valuations are supplemented by reserves or adjustments (this mainly concerns liquidity, parameter or model uncertainties) using calculation methods developed in consultation with the front office, which are subject to approval by the Market Risk Department and the Finance Department during the Global Valuation Committees.

Regulatory requirements

Furthermore, regarding the prudential component, Additional Valuation Adjustments (AVAs) are computed on fair value assets, in compliance with the Regulatory Technical Standards (RTS) published by the European Banking Authority (EBA), which lay out the requirements related to Prudent Valuation, in addition to the principles already specified in the CRD (Capital Requirements Directive). These Regulatory Technical Standards define the various uncertainties which have to be taken into account in the Prudent Valuation and set a target level of confidence to reach.

Within this framework, in order to take into account the various factors which could generate additional exit costs compared to the expected valuation (model risk, concentration risk, liquidation cost, uncertainty on market prices, etc.), Prudent Valuation Adjustments (PVAs) are computed for each exposure. The Additional Valuation Adjustments (AVAs) are defined as the difference between the Prudent Valuation obtained and the accounting fair value of the positions, in order to comply with the target level of confidence to reach (the confidence interval is equal to 90%). These amounts of AVA are deducted from the Common Equity Tier 1 capital.

4.8 OPERATIONAL RISK

Operational risk is the risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events.

Societe Generale's operational risk classification is divided into eight event categories:

- commercial litigation;
- disputes with authorities;
- errors in pricing or risk evaluation including model risk;
- execution errors;
- fraud and other criminal activities;
- rogue trading;
- loss of operating resources;
- IT system interruptions.

This classification is declined into 58 risk categories, cornerstone of the Group risk modeling, ensuring consistency throughout the system and enabling cross-business analyses throughout the Group (see section 4.8.2), particularly on the following risks :

- risks related to information and communication technologies and security (cybercrime, IT systems failures, etc.);

- risks related to outsourcing of services and business continuity;
- risks related to the launch of new products/services/activities for customers;
- non-compliance risk (including legal and tax risks): risk of court-ordered, administrative or disciplinary sanctions, or of material financial loss, due to failure to comply with the provisions governing the Group's activities;
- reputational risk: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- misconduct risk: risk resulting from actions (or inactions) or behavior of the Bank or its employees inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for our stakeholders, or place the Bank's sustainability or reputation at risk.

The framework relating to the risks of non-compliance, reputation and inappropriate conduct is detailed in Chapter 4.11 "*Compliance risk, litigation*".

4.8.1 ORGANISATION OF OPERATIONAL RISK MANAGEMENT

Governance

The Group operational risk management framework, other than non-compliance risks detailed in Chapter 4.11 "*Compliance risk, litigation*" is structured around a two-level system with the following participants:

- a first line of defence in each core Business Units/Service Units, responsible for applying the framework and putting in place controls that ensure risks are identified, analysed, measured, monitored, managed, reported and contained with the limits set by the Group-defined risk appetite;
- a second line of defence: the Operational Risk Department within the Group's Risk Division.

In particular, the Operational Risk Department:

- conducts a critical examination of the BU/SUs management of operational risks (including fraud risk, risks related to information systems and information security, and risks related to business continuity and crisis management);
- sets regulations and procedures for operational risk systems and production of cross Group analyses;
- produces risk and oversight indicators for operational risk frameworks.

To cover the whole Group, the Operational Risk Department has a central team supported by regional hubs. The regional hubs report back to the department, providing all information necessary for a consolidated overview of the Bank's risk profile that is holistic, prospective and valid for both internal oversight purposes and regulatory reporting.

The regional hubs are responsible for implementing the Operational Risk Division's briefs in accordance with the demands of their local regulators.

The Operational Risk Department communicates with the first line of defence through a network of operational risk correspondents in each Business /Service Units.

Concerning risks specifically linked to business continuity, crisis management and information, of persons and property, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Group Security Division. Specifically, regarding IT risks, the Operational Risk Department carries out the critical review of the management of these risks in connection with the Resources and Digital Transformation Department.

Second-level control

Level 2 control consists of verifying the definition and actual performance of level 1 controls, and in particular the examination of the results of level 1 controls in quantitative and qualitative aspects, in particular with regard to completion rate, anomaly levels, etc. This review also ensures the effectiveness and relevance of the deployment of controls by control needs and risk type and of corrective action plans.

According to the internal control system, the level 2 permanent control Risk teams carry out this mission on the risks operational covering the risks specific to the various businesses (including operational risks related to credit risks and market risks), as well as the risks associated with purchases, communication, real estate, human resources and information system.

Risk related to security of persons and property

Protecting persons and property, and compliance with the laws and regulations governing security are major objectives for Societe Generale group. It is the mission of the Group Security Division to manage human, organisational and technical frameworks that guarantee the smooth operational functioning of the Group in France and internationally, by reducing exposure to threats (in terms of security and safety) and reducing their impact in the event of crisis.

The security of persons and property encompasses two very specific areas:

- Security is all the human, organisational and technical resources brought together to deal with technical, physical, chemical and environmental accidents that can harm people and property,
- Safety is all the human, organisational and technical resources brought together to deal with spontaneous or thoughtful acts aimed at harming or impairing with the aim of psychic or / and financial profit.

Thus, in this context, the Security of persons and property ensures in particular:

- the application of the security benchmark in the design and operation of our buildings;
- drafting and updating of procedures and security instructions on each of our sites;
- drafting of security programs and acceptance of the work of this security equipment;
- the management of operations in operational security;
- management of events affecting the physical security of employees, buildings or datacenters;
- securing travel and special events;
- good respect for the protection of national defense secrets as far as the Group is concerned;
- development of travel policy and its control;
- development of country risk mapping;
- conducting safety and security audits, especially for sensitive sites;
- management of significant events and major crises;
- expatriates training.

The management of all these risks is based on operational risk systems and the second line of defence is provided by the Risk Department.

Risks related to information security and information and communication technologies

Given the importance for the Group of its information system and the data it conveys and the continuous increase in the cybercriminal threat, the risks related to information and communication technologies and to security (ICT) are major for Société Generale. Their supervision, integrated into the general operational risk management system, is steered as the first line of defence by a dedicated area of expertise (Information and Information Systems Security – ISS) and the second line of defence is provided by the Risk Department. They are subject to specific monitoring by the management bodies through sessions dedicated to Group governance (Risk Committee, CORISQ,

CCCIG, DTCO) and a quarterly dashboard which presents the risk situation and action plans on the eight main themes of information and communication technologies risks.

The Department Security of the Group, housed within the General Secretariat, is responsible for protecting information. The information provided by customers, employees and also the collective knowledge and know-how of the bank constitute Societe Generale's most valuable information resources. To this end, it is necessary to put in place the human, organisational and technical mechanisms which make it possible to protect the information and ensure that it is handled, disseminated, shared by only the people who need to know. To this end, the Group safety/security department ensures in particular:

- the publication and maintenance of the Group information security policy which encompasses both human and technical aspects;
- the publication and maintenance, with the teams of legal experts and the Group's human resources functions, of the "Charter for the Protection of Information and IT Resources";
- the co-construction with the Service Unit Resources & Digital Transformation of the Data-Protection program, which aims to provide employees with a tool for classifying and protecting office documents, to promote good practices in the classification of information and in the use of property tools adapted to the sensitivity of documents;
- the mapping of the most sensitive information of the Group (information classified C3-Secret);
- the awareness raising of information security through a set of permanent actions promoting employee ownership of information security issues: distribution of an e-learning on information security to all of the Group's employees in France and abroad, conferences, specific workshops on the risks associated with social engineering, on the use of social networks, etc..

The person in charge of risks related to information and communication technologies (ICT) and security of information systems is housed at the Corporate Resources and Digital Transformation Division. Under the functional authority of the Director of Group Security, he recommends the strategy to protect digital information and heads up the IT security department. The IT security framework is aligned with the market standards (NIST, ISO 27002), and implemented in each Business /Service Unit.

Risk management associated with cybercrime is carried out through the tri-annual Information Systems Security (ISS) master plan.

In order to take into account the evolution of the threat, in particular that related to ransomware, and in line with the Group strategy, the ISS 2021-2023 master plan is structured, with a budget of EUR 650 million over the period 2021-2023, around two pillars that guide actions by 2023:

- protect the data of our customers and our ability to operate the banking services, by integrating the threats, the requirements of the regulators, and the need to support the Business Units and Service Units in their digital transformation and the evolution of uses that accompanies it. A risk-based approach allows us to concentrate our efforts on the most critical elements and data, in connection with the work of the Security Department cited above. We are preparing to manage a major cyber crisis by improving in particular our detection capacity, our ability to control our IT links with our partners and subsidiaries, and our ability to rebuild the information system;

- increase our operational efficiency by gaining overall consistency, and by increasing our protections and our ability to react. In particular by developing the management of the cyber security department, by optimising our processes and our tools to be able to deploy new protections at constant cost. Finally, by working on the management of human resources in the filiere, in particular on the development of skills and networks of expertise.

At the operational level, the Group relies on a CERT (Computer Emergency Response Team) unit in charge of incident management, security watch and the fight against cybercrime. This team uses multiple sources of information and monitoring, both internal and external. Since 2018, this unit has also been strengthened by the establishment of an internal Red Team whose main tasks are to assess the effectiveness of the security systems deployed and to test the detection and reaction capabilities of the defence teams (Blue Teams) during an exercise simulating a real attack. The services of the Red Team enable the Group to gain a better understanding of the weaknesses in the security of the Societe Generale information system, to help in the implementation of global improvement strategies, and also to train cybersecurity defence teams. CERT works closely with the Security Operation Center (SOC), which is in charge of detecting security events and processing them.

A team at the Resources and Digital Transformation Department is in charge of the consistency of the implementation of operational risk management systems and their consolidation for IT processes. The main tasks of the team are as follows:

- identify and evaluate the major IT risks for the Group, including extreme risk scenarios (eg. cyberattack, failure of a provider), to enable the Bank to improve its knowledge of its risks, be better prepared for extreme risk scenarios and better align their investments with their IT risks;
- produce the indicators that feed the IT risks monitoring dashboard, intended for management bodies and Information Systems directors. They are reviewed regularly with the second line of defence in order to remain aligned with the IS and SSI strategy and their objectives;
- more generally, ensure the quality and reliability of all devices addressing IT operational risks. Particular attention is paid to the permanent control system for its IT risks, which is based on the definition of normative IT and security controls and the support of the Group in the deployment of managerial supervision on this

topic. As part of the "PCT" program to transform permanent control, the normative controls were reviewed, i.e. around thirty controls on IS/SSI subjects. The IT Department monitors the deployment of these controls across the Group, the progress of which is aligned with the objectives set by the Group.

In terms of awareness, a multilingual online training module on information security is mandatory for all internal Group staff and for all service providers who use or access our information system. It was updated in early 2020 in order to incorporate changes to the new Group Information Security Policy. At the end of August 2021, 98% of Societe Generale group employees who were notified of the training module had performed it.

Risks related to fraud and non-authorized market activities (rogue trading)

The supervision of fraud risk, whether internal or external, is integrated into the general operational risk management framework which allows the identification, assessment, mitigation and monitoring of the risk, whether it is potential or actual.

It is steered in the first line of defense by dedicated expert teams dedicated to fraud risks management in addition to the teams in charge of operational risk management specific to each of the banking businesses. These teams are in charge of the definition and operational implementation of the means of raising awareness, preventing, detecting and dealing with frauds. The second line of defense is provided by the Operational Risks Department with a fraud risk manager. The second line defines and verifies compliance with the principles of fraud risk management in conjunction with the first line teams, and ensures that the appropriate governance is in place.

Finally, the teams, whether they are in the first or second line of defense, work jointly with teams of experts in charge of information security, the fight against cyber crime, customer knowledge, the fight against corruption and money laundering. Likewise, the teams work closely with the teams in charge of credit risk and market risk. The sharing of information contributes to the identification and increased responsiveness in the presence of a situation of proven fraud or weak signals. This active collaboration makes it possible to initiate investigative measures, blocking attempted fraud or initiating the recovery of funds or the activation of guarantees, associated insurance in the event of successful fraud.

4.8.2 OPERATIONAL RISK MONITORING PROCESS

The Group's main frameworks for controlling operational risks are as follows:

- collection of internal losses and significant incidents and analysis of external losses;
- self-assessment of risks and controls;
- oversight of risk indicators;
- development of scenario analyses;
- framing new products;
- management of outsourced services;
- crisis management and business continuity;

- management of risks related to information and communication technologies.

Collection of internal loss and significant incident data

Internal losses have been compiled throughout the Group since 2003, in addition to significant incident data since 2019. The process:

- defines and implements the appropriate corrective actions;
- achieves a deeper understanding of risk areas;
- enhances awareness and vigilance with respect to operational risks in the Group.

Losses (or gains or near-misses) are reported from a minimum threshold of EUR 10,000 throughout the Group, except for global market activities, where the threshold is EUR 20,000.

Incidents without financial impact are also reported when they are deemed significant according to their impact, in particular on contractual commitments, reputation, day-to-day operations, risk appetite or the level of regulatory compliance of the Group.

Analysis of external losses

External losses are data that are public and / or shared within the banking sector, in particular within consortia frameworks. These external data include information on the amount of actual losses, the importance of the activity at the origin of these losses, the causes and circumstances and any additional information that could be used by other establishments to assess the relevance of the event as far as they are concerned and enrich the identification and assessment of the Group's operational risk.

Risk and control self-assessment

Under the Risk and Control Self-Assessment (RCSA), each manager assesses the exposure to operational risks to which each entity within the relevant scope is exposed through the activities in order to improve their management.

The method defined by the Group consists of taking a homogeneous approach to identifying and evaluating operational risks and frameworks to control these risks, in order to guarantee consistency of results at Group level. It is based notably on repositories of activities and risks in order to facilitate a comprehensive assessment.

The objectives are as follows:

- identifying and assessing the major operational risks (in average amount and frequency of potential loss) to which each activity is exposed (the intrinsic risks, i.e. those inherent in the nature of an activity, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (e.g. Compliance, Information Systems Security, etc.) contributes to this assessment of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures;
- assessing the risk exposure of each activity that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- remedying any shortcomings in the prevention and control systems, by implementing corrective action plans and defining key risk indicators; if necessary, in the absence of an action plan, risk acceptance will be formally validated by the appropriate hierarchical level;
- adapting the risk insurance strategy, if necessary.

On an ongoing basis, the risk assessment also feeds on the results of other operational risk management frameworks in order to ensure a relevant and consistent assessment. The assessment methods for certain risks are increasingly based on in-depth approaches adapted to the type of underlying risk while incorporating the results on assessment scales and shared benchmarks allowing the comparison and prioritization of areas of risks or scope of activities.

Key risk indicators

Key risk indicators (KRIs) supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business risk profiles.

Their follow-up provides managers of entities with a regular measure of improvements or deteriorations in the risk and the environment of prevention and control.

A cross analysis of Group-level KRIs and losses is presented to the Group's Executive Committee on a quarterly basis *via* a specific dashboard.

Analyses of scenarios

The analyses of scenarios serve two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

These analyses make it possible to build an expert opinion on a distribution of losses for each risk category and thus to measure the exposure to potential losses in scenarios of very severe severity, which can be included in the calculation of the prudential capital requirements.

In practice, various scenarios are reviewed by experts who gauge the severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.). Analyses are carried out either at Group level (transversal scenarios) or at business level.

Governance is established in particular, to:

- allow the approval of the annual scenarios update program by the Risk Committee (CORISQ);
- allow the approval of the scenarios by the businesses (for example during the internal control coordination committees of the departments concerned or during *ad hoc* meetings) and a challenge of scenario analyses by LOD2;
- conduct an overall review of the Group's risk hierarchy and of the suitability of the scenarios through CORISQ.

New product Committees

Each division submits its plans for a new product for customers to the New Product Committee.

The Committee, jointly coordinated by the Risk Division and the relevant businesses, is a decision-making body which decides the production and marketing conditions of new products to customers.

The Committee aims to ensure that, before any product launch, all types of induced risks (credit, market, liquidity and refinancing, country, operational, legal, accounting, tax, financial, information systems risks as well as the risks of non-compliance, reputation, protection of personal data and corporate social and environmental responsibility risks, etc.) have been identified, assessed and, if necessary, subjected to mitigation measures allowing the acceptance of residual risks.

The definition of "new product" extends from the creation of a new product or service to the development of an existing product or service as soon as this development is likely to generate different or higher risks. The development may be linked to matters such as a new regulatory environment, to marketing on a new scope or to a new type of clientele.

Outsourcing of services

Some banking services are outsourced outside the Group or within the Group (e.g. in our shared service centers). These two subcontracting channels are supervised in a manner adapted to the risks.

A framework with standards and a tool helps ensure that the operational risk linked to outsourcing is controlled, and that the conditions set by the Group's approval are respected.

It helps to map the Group's outsourcing with an identification of the activities and BU/SU concerned, and to put outsourcing under control with knowledge of risks and with suitable supervision.

During the study phase, the business/service units decide on the outsourcing of services within the framework of standards set by the Group. Outsourcing projects are led by a project manager and validated by the sponsor who accepts the residual risk level after a risk analysis based on expert opinions. This ensures the consistency of the assessments and the consistency of decisions across the Group.

The analysis includes operational risks (including fraud, execution risk, etc.), tax, non-compliance, supplier, business continuity risks, risks related to data quality, and risks related to information security and data protection.

Legal experts use the same definition of essential outsourcing of services as that defined in the Decree of 3 November 2014.

All outsourced services are then monitored at a frequency defined by their level of risk.

Services at Group level are subject to reinforced monitoring through very regular contractual monitoring. These services are identified using criteria such as the concept of "core business activity", financial impact and reputation risk. These services are validated by a dedicated Committee, chaired by the Operational Risk Department.

A closing phase is used to manage the ends of services.

The reinforcement of the system will continue in 2022, in particular with the addition of clarifications on the methodological framework, a greater involvement of senior management in the supervision of this risk and the intensification of the role of the 2nd line of defense in the management, review and control of outsourced services.

Crisis management and business continuity

Business continuity is managed by developing in each Societe Generale group entity, organisations, procedures and resources that can deal with natural or accidental damage, or acts of deliberate harm, with a view to protect their personnel, assets and activities and to allow the provision of essential services to continue, if necessary temporarily in reduced form, then restoring service to normal.

The aim is not only to meet regulatory obligations but also to minimise as far as possible any harm to personnel, clients or infrastructure and so preserve intact the Group's image, goodwill, brands, products, procedures and know-how and limit the impact of events on the Group's financial position and solvency.

Based on the identification of threats to the Group and their possible effects and, making due allowance for preventative, protective and dissuasive measures, management of business continuity consists of:

- defining various crisis scenarios, including extreme shocks;
- being able to respond efficiently to these scenarios of crisis, loss or unavailability of human or operational resources;
- maintaining these frameworks to ensure they remain efficient (reviewing the appropriateness of scenarios, allowing for changes to the organisation, adjustments to resources, functional tests).

The approach used to implement and track the business continuity systems of each Group entity is based on a methodology that meets international standards.

4.8.3 OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA) allowed by the Capital Requirements Directive to measure operational risk. This approach, implemented across the main Group entities, notably makes it possible to:

- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's management of operational risks.

Operational risk modeling

The statistical method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA) for AMA internal model.

Under this approach, operational risks are modeled using segments, each segment representing a type of risk and a Group core business.

The frequency and severity of operational risks, based on past internal losses, external losses, the internal and external environment, and scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business scenario analyses that measure cross-business risks for core businesses, such as cybercriminality and the flooding of the river Seine.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between the various types of risk and the core businesses, dependency effects between extreme risks as well as the effect of insurance policies taken out by the Group.

The Group's regulatory capital requirements for operational risks within the scope covered by the (AMA) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

For some Group entities, notably in retail banking activities abroad, the standard method is applied: the calculation of capital requirements is defined as the average over the last three years of a financial aggregate based on the Product Net Banking multiplied by factors defined by the regulator and corresponding to each category of activity. To make the calculation, all of the Group's business lines are broken down into the eight regulatory activities.

Societe Generale's total capital requirements for operational risks were EUR 3.7 billion at the end of 2021, representing EUR 47 billion in risk-weighted assets. This assessment includes the capital requirement of AMA and Standard perimeters.

Insurance cover in risk modeling

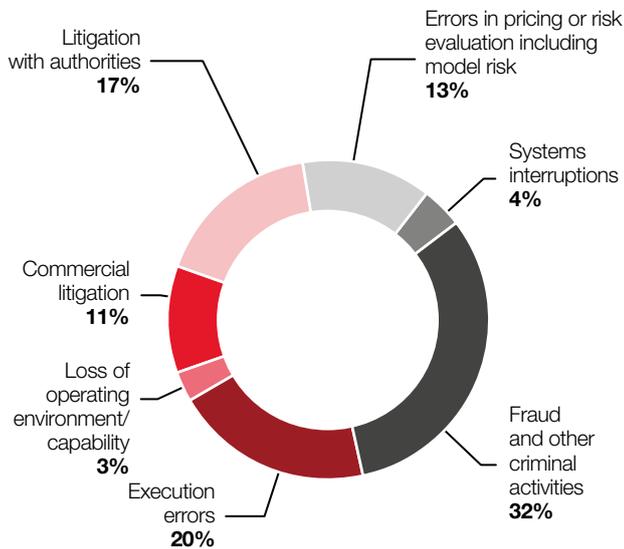
In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements. These insurance policies cover part of the Group's major risks, i.e. civil liability, fraud, fire and theft, as well as systems interruptions.

Risk reduction through insurance policies resulted in a 6.5% decrease in total capital requirements for operational risks.

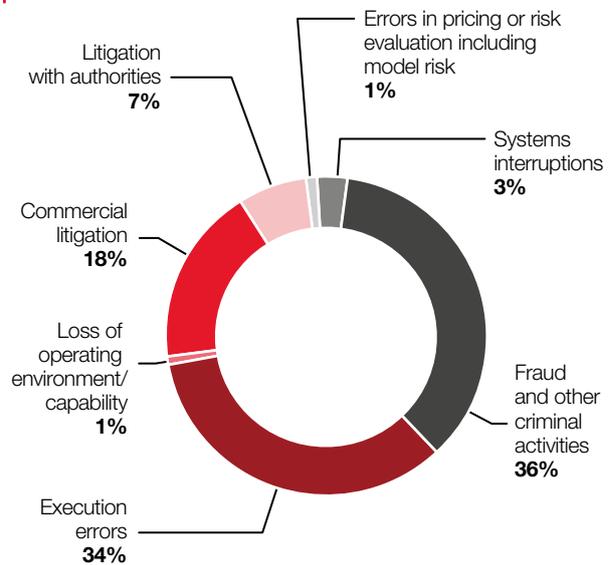
Quantitative data

The following charts break down operating losses by risk category for the 2017-2021 period.

OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE - AMOUNTS



OPERATIONAL RISK LOSSES: BREAKDOWN BY SOCIETE GENERALE RISK EVENT TYPE - NUMBER OF EVENTS



Over the past five years, Societe Generale's operational risks were concentrated on average on five types, accounting for 93% of the Group's total operating losses:

- fraud and other criminal activities represented 32% of the amount of operating losses over the period. They are mainly composed of external frauds on financing files (falsified financial statements by the client, theft or misappropriation of collateral/guarantees, etc.), fraud on manual means of payment (cash, transfer and cheque) and supplier fraud on financed equipment; the trend is downward in 2021 due in particular to a lower loss experience in external fraud on financing files;
- execution errors represented 20% of total operational losses, thereby constituting the second leading cause of loss for the Group. After two consecutive years of increase (including the Covid effect in 2020), the amount of losses in this category is falling back to values close to the average; the proper execution of the remediation plans explains the decline observed in 2021;

- litigation with authorities, the third largest category, represented 17% of the Group's operational losses over the period; the 2021 provisions relate to files born before 2016;
- pricing or risk assessment errors, including model risk, represent 13% of the total amount of losses. The main cases concern the pricing and ALM models;
- commercial disputes represented 11% of total Group operating losses. The trend is down for this category over the period considered; the 2021 provisions mainly relate to files born before 2015.

The other categories of Group operational risk (activities not authorised on the markets, system interruptions, loss of operating environment/capability) were still relatively insignificant, representing 6% of the Group's losses on average over the 2017 to 2021 period.

4.8.4 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

Societe Generale's capital requirements for operational risk are mainly calculated using the Advanced Measurement Approach (AMA) via its internal model (95% in 2021).

The amount of RWA on the AMA scope decreased in 2021 (EUR -2.5 billion, i.e. -5.4%). This decrease is linked to the update of scenarios analyses, which may evolve downward for some categories of operational risk events.

The following table breaks down the Group's risk-weighted assets and the corresponding capital requirements at 31 December 2021.

TABLE 34: WEIGHTED EXPOSURES AND CAPITAL REQUIREMENTS FOR OPERATIONAL RISK BY APPROACH

(In EURm)	31.12.2021			Own funds requirements	Risk-weighted assets
	Relevant indicator				
Banking activities	31.12.2019	31.12.2020	31.12.2021		
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	1,365	1,437	1,481	193	2,412
Subject to TSA	1,365	1,437	1,481		
Subject to ASA	-	-	-		
Banking activities subject to advanced measurement approaches AMA	23,643	21,964	23,980	3,552	44,394

(In EURm)	31.12.2020			Own funds requirements	Risk-weighted assets
	Relevant indicator ⁽¹⁾				
Banking activities	31.12.2018	31.12.2019	31.12.2020		
Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	1,170	1,365	1,437	180	2,250
Subject to TSA	1,170	1,365	1,437		
Subject to ASA	-	-	-		
Banking activities subject to advanced measurement approaches AMA	24,657	23,643	21,964	3,755	46,938

(1) Historical data including the updates, reflecting some evolutions in the scope of entities, which occurred across the year.

4.8.5 OPERATIONAL RISK INSURANCE

General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists in searching the market for the most extensive cover available for the risks incurred and enabling all entities to benefit from such cover wherever possible. Policies are taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, special insurance policies may be taken out by entities that perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of main general risk coverage

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (i.e. relating to operations, Chief Executive Officers and Directors, etc.) are covered. The amounts insured vary from country to country, according to operating requirements.

Description of main risks arising from operations

Insurance is only one of the measures used to offset the consequences of the risks inherent in the Group's activity. It complements the Group's risk management policy.

THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal fraud (committed by an employee or by a third party acting with the aid of an employee) and external fraud (committed by a third party acting alone), with the intent to obtain illicit personal gain or to harm the Group, are covered.

PROFESSIONAL LIABILITY

The consequences of any legal on staff or managers in the Group's professional activities are insured under a global policy.

CYBER ATTACKS

A cyber risk insurance policy has been taken out amid an environment not specific to the banking sector which is seeing a rapid development of new forms of crime mainly involving data theft or the compromise or destruction of computer systems.

4.9 STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Audited I Structural exposure to interest rate and exchange rate risks results from commercial transactions, their associated hedging transactions and corporate centre transactions.

The interest rate and exchange rate risks linked to Trading Book activities are excluded from the structural risk measurement scope as they belong to the category of market risks. Structural and market exposures constitute the Group's total interest rate and exchange rate exposure.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest possible extent within the consolidated entities. Within the entities, commercial and corporate centre operations must therefore be matched in terms of interest rates and exchange rates as much as possible. At the consolidated level, a structural foreign exchange position is maintained in order to minimise the sensitivity of the Group's Common Equity Tier 1 (CET1) ratio to exchange rates fluctuations.

4.9.1 ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Department within the Group's Finance Division leads the control framework of the first line of defense. The ALM department of the Risk Department assumes the role of second line of defense supervision.

The Group Finance Committee, a General Management Body

The purpose of the Group Finance Committee is to:

- validate and ensure the adequacy of the system for monitoring, managing and supervising structural risks;
- review changes in the Group's structural risks through consolidated reporting;
- review and validate the measures proposed.

The ALM Department, within the Group's Finance Department

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the modelling principles applied by the Group's entities regarding structural risks;
- identifying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

The ALM Risk Control Department within the Risk division

The second-level supervision of the ALM models used within the Group and of associated frameworks is provided by a dedicated service within the Risk department, the Asset Liability Management Risk - Structural and Liquidity Risk department. Accordingly, this department is in charge of:

- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities and Business Units (BU)/Service Units (SU);
- defining the normative environment of the structural risk metrics, modelling and framing methods;
- reviewing the ALM models by delegation of the Model Risk Management department.

Finally, the Risk Department chairs the Group model validation Committee and the Group ALM norms validation Committee.

The entities and BU/SU are responsible for ALM risk management

Each entity, each BU/SU, manages its structural risks and is responsible for regularly assessing risks incurred, producing the risk report and developing and implementing hedging options. Each entity, each BU/SU is required to comply with Group standards and to adhere to the limits assigned to it.

As such, the entities and the BUs/SUs apply the standards defined at Group level and develop the models, with the support of the central modelling teams of the Finance Department.

An dedicated ALM manager reporting to the Finance Department in each entity, BU/SU, is responsible for monitoring these risks (first-level control). This manager is responsible for reporting ALM risks to the Group Finance Department. All entities, BU/SU, have an ALM Committee responsible for implementing validated models, managing exposure to interest rate and exchange rate risks and implementing hedging programmes in accordance with the principles set out by the Group and the limits validated by the Finance Committee and the BU/SU ALM Committees.

4.9.2 STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is generated by commercial transactions and their hedging, as well as the management operations specific to each of the consolidated entities.

The Group's objective

The objective of managing structural interest rate risk is to reduce of exposure of each Group entity as much as possible.

To this end, the Board of Directors, the Finance Committee and the ALM Committee set sensitivity limits (in terms of value and income) for the Group, the BUs/SUs and the entities respectively.

Measuring and monitoring structural interest rate risk

Societe Generale uses several indicators to measure the Group's overall interest rate risk.

The three most important indicators are:

- the sensitivity of the net present value (NPV) to the risk of interest rate mismatch. It is measured as the sensitivity of the net present value of the static balance sheet to a change in interest rates. This measure is calculated for all currencies to which the Group is exposed;
- the sensitivity of the interest margin to changes in interest rates in various interest rate scenarios. It takes into account the sensitivity generated by future commercial production;
- the sensitivity of NPV to basis risk (risk associated with decorrelation between different variable rate indices).

Limits on these indicators are applicable to the Group, the BUs/SUs and the various entities. Limits are set for shocks at +/-0.1% and for stressed shocks (+/-1% for value sensitivity and +/-2% for income sensitivity) without floor application. Only the sensitivity of income over the first two years is framed. The measurements are computed monthly 10 months a year (with the exception of the months of January and July for which no Group-level closing is achieved). An additional synthetic measurement of value sensitivity – all currencies – is framed for the Group. To comply with these frameworks, the entities combine several possible approaches:

- orientation of the commercial policy so as to offset interest rate positions taken on the asset and liability side;
- implementation of a swap operation or – failing this in the absence of such a market – use of a loan/borrowing operation;
- purchase/sale of options on the market to cover optional positions taken vis-à-vis our clients.

Assets and liabilities are analysed without a prior allocation of resources to uses. Maturities of outstanding amounts are determined by taking into account the contractual characteristics of the transactions, adjusted for the results of customer behaviour modelling (in particular for demand deposits, savings and early loan repayments), possibly differentiated according to the rate scenario considered, as well as a certain number of disposal agreements, in particular on equity items.

As of 31 December, the modeling of deposits with no maturity date, sometimes integrating a dependence on the rate level, leads to an average duration of 4.5 years, with a maximum duration of 20 years.

Changes in OCI or P&L of instruments recognised at fair value are not included in the controlled income sensitivity measures.

Hedging transactions are mainly documented from an accounting viewpoint: this can be carried out either as micro-hedging (individual hedging of commercial transactions and hedging instruments) or as macro-hedging under the IAS 39 “carve-out” arrangement (global backing of portfolios of similar commercial transactions within a Treasury Department; macro-hedging concerns essentially French retail network entities).

Macro-hedging derivatives are essentially interest rate swaps in order to maintain networks' net asset value and result sensitivity within limit frameworks, considering hypotheses applied. For macro-hedging documentation, the hedged item is an identified portion of a portfolio of commercial client or interbank operations. Conditions to respect in order to document hedging relationships are reminded in Note 3.2 to the consolidated financial statements.

Macro-hedging derivatives are allocated to separate portfolios according to whether they are used to hedge fixed-rate assets or liabilities in the accounting books. The hedging instrument portfolios allocated to liability elements are net fixed-rate receiver/variable-rate payer whereas the hedging instrument portfolios allocated to asset elements are net fixed-rate payer/variable-rate receiver.

The non-over-hedging tests and hedged items non-disappearing tests make the link between the balance sheet available assets or liabilities outstanding and the amount of assets and liabilities outstanding designated as hedged. The prospective non-over-hedging test is satisfied when the net outstanding amount of the swaps is lower for each maturity band and on each measurement date than the determined outstanding amount of items eligible to fair value hedge. The estimated outstanding may be defined as the outstanding amount resulting from ALM projections. The non-over-hedging a posteriori test is performed in two stages: the first stage is the same as the a priori test but on the outstanding amount eligible to fair value hedge on closing date, new production excluded, then the second stage is called the non-disappearance of the hedged item test and consists in verifying that the hedgeable position is always at least as significant as the maximum position that had initially been hedged.

The effectiveness of the hedge is then determined using the dollar offset method. The sources of ineffectiveness result from the last fixing of the variable leg of the hedging swaps, the bi-curve valorisation of the collateralised hedging instruments, possible mismatches in the cash flows payment dates and counterparty risk on hedging instruments valorisation.

The Group's sensitivity to VAN at 31 December 2021 was EUR -20 million (for an instantaneous and parallel increase in interest rates of 0.1%). ▲

AUDITED | TABLE 35: SENSITIVITY OF THE GROUP'S VALUE TO A +10 BP INTEREST RATE VARIATION

(In EURm)

Total

Amount of sensitivity (31.12.2021)	(20)
Amount of sensitivity (31.12.2020)	345

The regulatory metrics are calculated in a similar way to the value sensitivity management metrics, exceptions made:

- rate shocks;
- conventions used to dispose of equity and equity securities (10-year linear flow for management metrics while their sensitivity is zero for regulatory EVE sensitivity metrics);
- specific provisions imposed by the regulator (EBA GL 2018/02, §113, §114, §115 and §116) and in particular the discounting carried out at a risk-free rate for the entire balance sheet.

The Group analyses the sensitivity of the net interest margin to changes in market interest rates through stress tests on the Group's net interest margin under constant balance sheet and under forward balance sheet assumptions.

The measurement of the sensitivity of the net interest margin to a three-year horizon in different configurations of the yield curve is used by the Group to monitor the interest rate risk on a perimeter of significant entities.

The balance sheet in a dynamic approach evolves according to the amortisation of the stock and the renewals of operations on the basis of the outstanding amounts booked at the closing date.

The sensitivity of the Group's net interest margin over the next three full years is low. In the event of a parallel rise in the yield curve of +10 bps, it is positive and represents approximately 1% of net banking income.

The sensitivity of the net interest margin is mainly due to the impact on:

- customer deposits: generally low or non-interest-bearing, with customer rates only partially impacted by interest rate changes, their margin is mainly the result of the replacement rate;
- new credit loan production.

The sensitivity of the margin on the stock of customer transactions results from the renewal of matured tranches of deposit replacements and the residual sensitivity of the balance sheet to interest rate changes.

French Retail Banking's activities in France and abroad are favourably exposed by a rise in interest rates over the first three years enabling them to replace their deposits at higher rates, with the margin on loans in stock remaining stable. However, this increase in margin is partially offset by higher refinancing costs.

Retail Banking activities are unfavourably exposed to the decrease in rates as their deposits are then replaced at lower rates and the margin on loans in stock decreases due to early repayments. This decline in margin was partially offset by lower refinancing costs.

Calculations are based on the aggregate estimates at 31 December of consolidated entities of the Group.

TABLE 36: SENSITIVITY OF THE GROUP'S INTEREST MARGIN

(In EURm)

31.12.2021**31.12.2020**

	31.12.2021	31.12.2020
Parallel increase in interest rates of 10 bp		
Year 1	27	62
Year 2	84	107
Year 3	153	184
Parallel decrease in interest rates of 10 bp		
Year 1	(7)	(74)
Year 2	(85)	(124)
Year 3	(148)	(201)

4.9.3 STRUCTURAL EXCHANGE RATE RISK

Audited I Structural exchange rate risk, understood as resulting from all transactions that do not belong to the Trading Book, results from:

- exposures related to net investments abroad in foreign currencies, i.e. in subsidiaries and branches. FX positions generated by an imperfect hedge are valued through other comprehensive income;
- exposures related to activities made by entities in currencies that are not their reporting currency.

The Group's policy is to make the CET1 ratio insensitive to fluctuations in exchange rates against the euro.

At 31 December 2021, the CET1 ratio amounted to 13.53%. Of the EUR 363 billion in RWA, EUR 111 billion relates to exposures in currencies other than the euro.

As such:

- Group entities are asked to individually hedge the results related to activities in currencies other than their reporting currency;

- the exposures related to net investments in foreign currencies and the associated net results are partially hedged at central level. A position in each foreign currency generating RWA is intentionally maintained open by the Finance Department at the Group CET1 ratio targeted level. Hedges are realised using cash lending and borrowing, forward and swap instruments in the subsidiaries' currencies and accounted for as net investment hedges (see Note 3.2.2 of consolidated financial statements in chapter 6);

- the Group's net consolidated structural foreign exchange position as at 31 December 2021 is equivalent to EUR 12,832 million, of which 45% comes from the USD, and around 79% is concentrated in six currencies: USD, GBP, RUB, CZK, MAD and XOF.

For each currency, the difference between actual and target exposure is governed by limits validated by the General Management in Finance Committee and the Board of Directors.

Similarly, the sensitivities of the CET1 ratio to shocks of +/-10bps per currency are framed. ▲

TABLE 37: SENSITIVITY OF THE GROUP'S COMMON EQUITY TIER 1 RATIO TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)

Currency	Impact of a 10% currency depreciation on the Common Equity Tier 1 ratio		Impact of a 10% currency appreciation on the Common Equity Tier 1 ratio	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
GNF	(0.1)	(0.1)	0.1	0.1
HKD	0.2	(0.1)	(0.2)	0.1
XPF	0.3	0.3	(0.3)	(0.3)
CZK	0.4	(0.1)	(0.4)	0.1
RON	0.4	(0.1)	(0.4)	0.1
RUB	0.5	0.3	(0.5)	(0.3)
GBP	0.5	0.7	(0.5)	(0.7)
XAF	0.6	0.7	(0.6)	(0.7)
USD	0.8	0.8	(0.8)	(0.8)
Others	0.1	1.1	0.1	(0.9)

4.10 LIQUIDITY RISK

Audited I Liquidity risk is defined as the risk that the bank cannot meet its financial obligations. It is measured across different time horizons, under various assumptions (normal conditions and stressed scenarios). Funding risk is defined as the risk that the Group cannot maintain over time the appropriate amount of funding to support its assets and at a reasonable cost.

4.10.1 OBJECTIVES AND GUIDING PRINCIPLES

The liquidity and funding management set up at Societe Generale aims at ensuring that the Group can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks) ; (ii) raise funding resources in a sustainable manner, at a reasonable cost (management of funding risks). Doing so, the liquidity and funding management set up ensures that both regulatory requirements and the risk appetite set by the Group are met.

To achieve these objectives, Societe Generale has adopted the following guiding principles:

- mutualising resources, optimising costs and ensuring consistent risk management by centralising liquidity and funding management at the Corporate centre level, mainly in the name of the mother company (Societe Generale SA). For that purpose, Business Units have tight constraints in terms of the transformation position they can run, hence need to match their assets and liabilities by transacting with the Corporate centre, along a Funds Transfer Pricing mechanism. Assets or liabilities which do not have a set contractual maturity (e.g. sight deposits) have their maturity assessed along quantitative models or conventions proposed by the Finance Division and by the Business Units and validated by the Risk Division (see below);
- planning for funding resources in consideration of both the business development objectives and the risk appetite set by the Board of Directors. See below the “Funding Plan” chapter in section 2;
- ensuring that funding risks are mitigated through a proper diversification of funding resources in terms of currencies, investor pools, maturity buckets, liability format (e.g. benchmark bond issuance, with a split along various seniority levels, issuance in the form of structured notes, issuance in the form of unsecured and secured notes). In order to optimise funding costs, the majority of bond issuance is made in the name of the mother company. However, a degree of diversification is sought by leveraging the capacity of some subsidiaries to raise funds in a way which complements the mother company’s funding, i.e. raising funds from local investors in local currencies;
- ensuring that Societe Generale keeps liquid reserves in sufficient amount to comply with the survival horizon under stress set by the Board of Directors. Liquid reserves are in the form of cash held at central banks and highly liquid securities, split between the Banking Book (under the direct or indirect ownership of the Group Treasury Department) or the Trading Book (mainly within the Global Markets division, under a permanent control of the Group Treasury Department);
- ensuring Societe Generale has readily available remediation options to face potential stress situations, through a Group-wide contingency plan (which leaves aside insurance activities, which have their separate contingency arrangements) aimed at detecting any stress signals at an early stage and defining in advance the crisis management setup and mitigation options.

4.10.2 THE GROUP'S PRINCIPLES AND APPROACH TO LIQUIDITY RISK MANAGEMENT

The key operational steps of liquidity and funding management are as follows:

- risk identification is a process which is set out and documented by the Risk Department, in charge of establishing a mapping of liquidity risks. This process is conducted yearly with each Business Unit and within the Group Treasury Department, aimed at screening all material risks and checking their proper measurement and capturing the control framework. In addition, a Reverse Stress Testing process exists, which aims at identifying and quantifying the risk drivers which may weigh most on the liquidity profile under assumptions even more severe than used in the regular stress test metrics;
- definition, implementation and periodic review of liquidity models and conventions used to assess the duration of assets and liabilities without a set contractual maturity and to assess the liquidity profile under stress. Liquidity models are managed along the overall Model Risk Management governance, also applicable to other risk factors (market, credit, operational), controlled by the Group Risk division;
- definition of risk appetite: The Board of Directors validates, on the proposal of General Management, the limits and associated alert thresholds, which are then applied to the businesses. Liquidity risk risk appetite covers the following metrics:
 - key regulatory indicators (LCR, with a specific focus on the LCR in US dollar, and NSFR),
 - the footprint of the Group in Short-Term Wholesale funding markets,
 - the survival horizon under an adverse stress scenario, combining a severe market and systemic shock and an idiosyncratic shock. In addition to the main adverse scenario, Societe Generale also checks its survival horizon under an extreme stress scenario. For both scenarios, the idiosyncratic shock is characterised by one of its main consequences, which would be an immediate 3-notch downgrade of Societe Generale’s long-term rating. In such adverse or extreme scenarios, the liquidity position of the Group is assessed over time, taking into account the negative impacts of the scenarios, such as deposit outflows, drawing by clients of the committed facilities provided by Societe Generale, increase in margin calls related to derivatives portfolios, etc. The survival horizon is the moment in time when the net liquidity position under such assumptions becomes negative,

- the overall transformation position of the Group (proper matching of assets and liabilities, in tenors up to 5 years),
- the amount of free collaterals providing an immediate access to central bank funding, in case of an emergency (only collaterals which do not contribute to the numerator of the LCR are considered, i.e. non-HQLA collaterals);
- the financial trajectories under baseline and stressed scenarios are determined within the framework of the funding plan to respect the risk appetite. The budget's baseline scenario reflects the central assumptions for the macro-economic environment and the business strategy of the Group, while the stressed scenario is factoring both an adverse macro-economic environment and idiosyncratic issues;
- the funding plan comprises both the long-term funding programme, which frames the issuance of plain vanilla bonds and structured notes, and the plan to raise short-term funding resources in money markets;
- maintenance by the Group Treasury Department and validation by the Finance Committee of a Funds Transfer Pricing framework, aimed at making funding grids available at any time for Business Units to transact with the Corporate center to upstream their liquidity surplus or borrow cash so that they fund their activities within their transformation position limits;
- production and broadcasting of periodic liquidity reports, at various frequencies (daily indicators, weekly indicators, monthly indicators), leveraging in most part on the central data repository, operated by a dedicated central production team. The net liquidity position under the combined (idiosyncratic and market/systemic) stress scenario is

reassessed on a weekly basis and can be analysed along multiple axes (per product, Business Unit, currency, legal entity). Each key metric (LCR, NSFR, transformation positions, net liquidity position under combined stress) is reviewed formally on a monthly basis by the Group Finance and Risk divisions. Forecasts are made and revised weekly by the Strategic and Financial Steering Department and reviewed during a Weekly Liquidity Committee chaired by the Head of Group Treasury. This Weekly Liquidity Committee gives tactical instructions to Business Units, with the objective to adjust in permanence the liquidity and funding risk profile, within the limits and taking into account business requirements and market conditions;

- preparation of a Contingency Funding Plan, which is applicable Group-wide, and provides for: (i) a set of early warning indicators (e.g. market parameters or internal indicators); (ii) the operating model and governance to be adopted in case of an activation of a crisis management mode (and the interplay with other regimes, in particular Recovery management); (iii) the main remediation actions to be considered as part of the crisis management.

These various operational steps are part of the ILAAP (Internal Liquidity Adequacy Assessment Process) framework of Societe Generale.

Every year, Société Générale produces for its supervisor, the European Central Bank (ECB), a self-assessment of the liquidity risk framework in which key liquidity and funding risks are identified, quantified and analysed with both a backward and a multi-year forward-looking perspective. The adequacy self-assessment also describes qualitatively the risk management set up (methods, processes, resources, etc.), supplemented by an assessment of the adequacy of the Group's liquidity.

4.10.3 GOVERNANCE

The main liquidity risk governance bodies are as follows:

- the Board of Directors, which:
 - sets yearly the level of liquidity risk tolerance as part of the Group's risk appetite, based on a set of key metrics, which includes both internal and regulatory metrics, in particular the period of time during which the Group can operate under stressed conditions ("survival horizon"),
 - approves budget targets, including targets related to scarce resources such as liquidity usage and funding (definition of the funding plan),
 - reviews at least quarterly the Group's liquidity and funding situation: key liquidity metrics, specifically stressed liquidity gap metrics as evaluated through Société Générale Group models, the regulatory metrics LCR and NSFR, the pace of execution of the funding plan and the related cost of funds;
- General Management, which:
 - allocates liquidity and funding targets to the various Business Units and the Group Treasury entity, upon proposal from the Group Finance division,
 - defines and implements the liquidity and funding risk strategy, based on inputs from the Finance and Risk Departments and the Business Units. In particular, the General Management chairs the Finance Committee, held every 6 weeks and attended by representatives from the Finance and Risk Departments and Business Units, which is responsible for monitoring structural risks and managing scarce resources:
 - validation and monitoring of the set of limits for structural risks, including liquidity risk,
 - monitoring of budget targets and decisions in case of a deviation from the budget,
- definition of principles and methods related to liquidity risk management (e.g. definition of stress scenarios),
- assessment of any regulatory changes and their impacts;
- the Group Finance Department, which is responsible for the liquidity and funding risks as First Line of Defence, interacting closely with Business Units. Within the Group Finance Department, there are three main departments involved respectively in the preparation and implementation of decisions taken by the abovementioned bodies:
 - the Strategic and Financial Steering Department is responsible for framing and overseeing management of the Group's scarce resources, including liquidity, within the Group's risk appetite and budget targets,
 - the Group Treasury Department is in charge of all aspects of the operational management of liquidity and funding across the Group, including managing the liquidity position, executing the funding plan, supervising and coordinating treasury functions, providing operational expertise in target setting, managing the liquidity reserves and the collateral used in funding transactions, managing the corporate centre,
 - the Asset and Liability Management Department is in charge of modelling and monitoring structural risks, including liquidity risk alongside interest rate and foreign exchange risks in the Banking Book;
- also sitting with the Group Finance Department, the Metrics Production Department runs the management information system regarding liquidity and funding risks across the Group. For liquidity metrics, the Group relies on a centralised system architecture, with all Business Units feeding a central data repository from which all metrics are produced, either regulatory metrics (e.g. the LCR or the NSFR) or metrics used for internal steering (e.g. stress test indicators);
- the ALM Risk Department, which performs all second line of defense functions, in particular leads the risk identification process, designs the structure and the calibration of the liquidity and funding risks control framework and monitors compliance with related thresholds and limits. It also validates liquidity models and conventions.

4.10.4 LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress scenario. The reserve assets are available, i.e. not used in guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non-transferable excess cash (according to the regulatory ratio definition) in subsidiaries is therefore not included in the Group's liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that can be quickly monetised on the market via sale or repurchase

transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;

- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

The composition of the liquidity reserve is reviewed regularly by a special committee comprising the Finance Department, the Risk Department and the Management of the MARK Business Unit, and is adjusted by authorisation of the Finance Committee.

TABLE 38: LIQUIDITY RESERVE

(In EURbn)

	31.12.2021	31.12.2020
Central bank deposits (excluding mandatory reserves)	168	154
HQLA securities available and transferable on the market (after haircut)	58	82
Other available central bank-eligible assets (after haircut)	3	7
TOTAL	229	243

4.10.5 REGULATORY RATIOS

The Basel Committee recommends the international implementation of two standard ratios with harmonised parameters to regulate bank liquidity risk profiles:

- the Liquidity Coverage Ratio (LCR) aims to ensure that banks hold sufficient liquid assets or cash to survive a significant stress scenario combining a market crisis and a specific crisis and lasting for one month;
- the Net Stable Funding Ratio (NSFR) is a transformation ratio which compares funding needs with stable resources over a one-year period.

The European transposition of Basel 3, CRD4 and CRR1 published on 27 June 2013 has been amended by Directive 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD5) and the Capital Requirements Regulation: Regulation (EU) 2019/876 of the

European Parliament and of the Council of 20 May 2019 (CRR2). Its French version was published in the Official Journal on 7 June 2019.

The LCR regulation issued on 10 October 2014 has since been updated by a Delegated Act which entered into force on 30 April 2020. The corresponding minimum requirement was set at 100% from 1 January 2018.

The NSFR requirement included in the CRR2 (EU) 2019/876 of 20 May 2019 entered into force in June 2021. The required level stands at 100%.

Since the implementation of the European regulatory LCR requirement in October 2015, Societe Generale's LCR has consistently stood at over 100%. The LCR was 129% at end-2021 (vs. 149% at end-2020). Since the NSFR entered into force, it has consistently stood at over 100% and stands at 110% at end-2021.

4.10.6 BALANCE SHEET SCHEDULE

The main lines of the Group's financial liabilities and assets are presented in Note 3.13 to the consolidated financial statements.

TABLE 39: BALANCE SHEET SCHEDULE

FINANCIAL LIABILITIES

31.12.2021						
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		5,152	-	-	-	5,152
Financial liabilities at fair value through profit or loss, excluding derivatives		136,581	17,693	23,438	23,244	200,956
Due to banks	Note 3.6	57,174	4,185	76,106	1,712	139,177
Customer deposits	Note 3.6	470,890	15,244	16,568	6,431	509,133
Securitised debt payables	Note 3.6	89,671	12,164	19,040	14,449	135,324
Subordinated debt	Note 3.9	7,735	61	3,649	4,514	15,959

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

31.12.2020						
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Due to central banks		1,489	-	-	-	1,489
Financial liabilities at fair value through profit or loss, excluding derivatives		164,209	17,529	20,520	28,813	231,071
Due to banks	Note 3.6	57,383	9,140	67,830	1,218	135,571
Customer deposits	Note 3.6	422,319	14,489	13,328	5,923	456,059
Securitised debt payables	Note 3.6	36,665	34,317	44,998	22,977	138,957
Subordinated debt	Note 3.9	7	2	6,029	9,394	15,432

NB: The scheduling assumptions for these liabilities are presented in Note 3.13 to the consolidated financial statements. In particular, the data are shown without provisional interest and excluding derivatives.

FINANCIAL ASSETS

31.12.2021						
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Cash, due from central banks		176,064	822	1,988	1,095	179,969
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	233,186	9,173	-	-	242,359
Financial assets at fair value through other comprehensive income	Note 3.4	42,798	380	-	272	43,450
Securities at amortised cost	Note 3.5	16,686	289	1,480	916	19,371
Due from banks at amortised cost	Note 3.5	47,182	3,619	4,715	456	55,972
Customer loans at amortised cost	Note 3.5	94,978	65,686	189,325	117,555	467,544
Lease financing agreements ⁽¹⁾	Note 3.5	2,778	6,378	16,024	4,440	29,620

(1) Amounts are featured net of impairments.

31.12.2020						
(In EURm)	Note to the consolidated financial statements	0-3 m	3 m-1 yr	1-5 yrs	>5 yrs	Total
Cash, due from central banks		164,724	900	1,611	944	168,179
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	240,288	9,371	-	-	249,659
Financial assets at fair value through other comprehensive income	Note 3.4	51,090	708	-	262	52,060
Securities at amortised cost	Note 3.5	13,941	146	1,337	211	15,635
Due from banks at amortised cost	Note 3.5	46,790	1,664	4,071	855	53,380
Customer loans at amortised cost	Note 3.5	70,518	75,862	163,365	109,820	419,565
Lease financing agreements ⁽¹⁾	Note 3.5	2,582	6,036	16,167	4,411	29,196

(1) Amounts are featured net of impairments.

Due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By convention, the following residual maturities were used for the classification of financial assets:

1. assets measured at fair value through profit or loss, excluding derivatives (customer-related trading assets):
 - positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months,
 - positions measured using observable data other than quoted prices (L2 accountBing classification): maturity of less than 3 months,
2. financial assets at fair value through other comprehensive income:
 - available-for-sale assets measured using prices quoted on active markets: maturity of less than 3 months,
 - bonds measured using observable data other than quoted prices (L2): maturity of 3 months to 1 year,
 - finally, other securities (shares held long-term in particular): maturity of more than 5 years.

As regards the other lines of the balance sheet, other assets and liabilities and their associated conventions can be broken down as follows:

OTHER LIABILITIES

31.12.2021							
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	836	741	-	1,577
Revaluation difference on portfolios hedged against interest rate risk		2,832	-	-	-	-	2,832
Other liabilities	Note 4.4	-	98,035	2,241	3,023	3,006	106,305
Non-current liabilities held for sale		1	-	-	-	-	1
Insurance contracts related liabilities	Note 4.3	-	15,566	10,232	40,848	88,642	155,288
Provisions	Note 8.3	4,850	-	-	-	-	4,850
Shareholders' equity		70,863	-	-	-	-	70,863

31.12.2020							
(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Tax liabilities	Note 6.3	-	-	815	-	408	1,223
Revaluation difference on portfolios hedged against interest rate risk		7,696	-	-	-	-	7,696
Other liabilities	Note 4.4	-	76,148	2,218	4,549	2,022	84,937
Non-current liabilities held for sale		-	-	-	-	-	-
Insurance contracts related liabilities	Note 4.3	-	16,593	9,475	38,011	82,047	146,126
Provisions	Note 8.3	4,775	-	-	-	-	4,775
Shareholders' equity ⁽¹⁾		67,012	-	-	-	-	67,012

(1) Amount at 31 December 2020 modified in accordance with the restatement of comparative accounting data which can be found in the Group's financial statements published on 10 February 2022, as well as in Chapter 6 of the present Universal Registration Document.

OTHER ASSETS

(In EURm)	31.12.2021						
	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		131	-	-	-	-	131
Other assets	Note 4.4	-	92,898	-	-	-	92,898
Tax assets	Note 6	4,812	-	-	-	-	4,812
Investments accounted for using the equity method		-	-	-	-	95	95
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	31,968	31,968
Goodwill	Note 2.2	-	-	-	-	3,741	3,741
Non-current assets held for sale		-	1	2	12	12	27
Investments of insurance companies		-	49,908	5,632	36,781	86,577	178,898

(In EURm)	31.12.2020						
	Note to the consolidated financial statements	Not scheduled	0-3 m	3 m-1 yr	1-5 yrs	> 5 yrs	Total
Revaluation differences on portfolios hedged against interest rate risk		378	-	-	-	-	378
Other assets	Note 4.4	-	67,341	-	-	-	67,341
Tax assets	Note 6	5,001	-	-	-	-	5,001
Investments accounted for using the equity method		-	-	-	-	100	100
Tangible and intangible fixed assets	Note 8.4	-	-	-	-	30,088	30,088
Goodwill	Note 2.2	-	-	-	-	4,044	4,044
Non-current assets held for sale		-	1	1	2	2	6
Investments of insurance companies		-	44,087	7,569	34,097	81,101	166,854

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.13 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than 5 years.
5. Provisions and shareholders' equity are not scheduled.

4.11 COMPLIANCE RISK, LITIGATION

Acting in compliance means understanding and observing the external and internal rules that govern our banking and financial activities. These rules aim to ensure a transparent and balanced relationship between the Bank and all of its stakeholders. Compliance is the cornerstone of trust between the Bank, its customers, its supervisors and its staff.

Compliance with rules is the responsibility of all Group employees, who must demonstrate compliance and integrity on a daily basis. The rules must be clearly expressed, and staff have been informed and/or trained to understand them properly.

The compliance risk prevention system is based on shared responsibility between the operational entities and the Group Compliance Department:

- the operational entities (BU/SUs) must incorporate into their daily activities compliance with laws and regulations, the rules of professional best practice and the Group's internal rules;
- the Compliance Department manages the Group's compliance risk prevention system. It ensures the system's consistency and efficiency, while also developing appropriate relationships – alongside the General Secretary – with bank supervisors and regulators. This independent department reports directly to General Management.

To support the businesses and supervise the system, the Compliance Department is organised into:

- **Standards and Consolidation teams** responsible for defining the normative system and oversight guidelines, consolidating them at Group level, as well as defining the target operational model for each compliance risk;

- **Departmental/business compliance teams** which are aligned across the Group's major business lines (Corporate and Investment Bank, French Retail Banking, International Retail Banking, Private Banking and Corporate Divisions), responsible for the relationship with BU/SUs, including dealflow, advisory, and risk oversight of BU/SUs;
- teams responsible for cross-business functions, including second-level controls.

The Compliance Department is organised into three main compliance risk categories:

- **financial security:** Know Your Customer (KYC) processes; the observance of international sanctions and embargo rules, and anti-money laundering and counter-terrorism financing rules, including issuing declarations of suspicion to the relevant authorities where applicable;
- **regulatory risks:** these cover mainly customer protection, market integrity, anti-bribery and corruption, ethics and conduct, compliance with tax transparency regulations (based on knowledge of the customers' tax profile), compliance with corporate social responsibility regulations and Group commitments;
- **data protection,** including personal data, in particular those of customers.

Financial Security				Regulatory risks				Data and Digital
KYC ⁽¹⁾	AML ⁽²⁾	Sanctions & Embargoes	Customer protection	Market integrity	Tax transparency	Anti-corruption, Conduct and Ethics	CSR ⁽³⁾	GDPR, Archiving...

(1) Know Your Customer.

(2) Anti-Money Laundering.

(3) Corporate Social Responsibility.

Compliance has set up an extensive compulsory training programme for each of these risk categories, designed to raise awareness of compliance risks among all or some employees. The training has been completed by high-level employees within the Group.

In addition to its LoD2 function with regard to the aforementioned risks, Compliance oversees the regulatory system for all regulations applicable to credit institutions, including those implemented by other departments, such as prudential regulations.

4.11.1 COMPLIANCE

Financial security

KNOW YOUR CUSTOMER (KYC)

In 2018, the Group launched a programme to rework its KYC functions in order to boost their operational efficiency (*via* the simplification of standards, greater pooling of resources, optimisation of tools and processes) and to improve the customer experience. Placed under the responsibility of the Compliance Department, this programme is closely and regularly monitored at the highest bank level. Work carried out in this regard has made it possible to redefine a standardised normative framework country by country in terms of KYC due diligence, to develop new customer rating models, and to launch an industrialised system for the screening and processing of negative customer news. This allowed the anti-corruption system to be upgraded in line with the requirements of the French anti-bribery agency. The transformation programme will be fully implemented by the end of 2022.

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

The Group has transposed all the measures linked to Directive (EU) 2015/849 on anti-money laundering and counter-terrorism financing (referred to as "the 5th anti-money laundering directive"), as well as European Regulation 2015/847 on the quality of payment information and the Order of 6 January 2021 on the system and internal controls to fight money laundering and terrorism financing.

The system for the detection of suspicious or unusual transactions continued to be strengthened in 2021 with the roll-out of more sophisticated monitoring tools, the optimisation of scenarios used and the launch of initiatives to switch to new-generation monitoring tools, with priority given to International Retail Banking and Boursorama.

FINANCIAL EMBARGOES AND SANCTIONS

In 2021, the international environment was impacted by the reinforcement of US sanctions on China, with greater complexity in terms of implementation that may generate substantial operational risks for financial institutions. More broadly, Societe Generale Group has confirmed its position to abstain from any trading activity with Iran and to maintain transactions with Russia within a strict framework.

The Group continued to strengthen its Embargoes/Sanctions system under the established remedial programme following agreements entered into with the US authorities (see page 258), notably in terms of screening third parties and transactions, training employees and industrialising all processes involved in controlling this risk.

Regulatory compliance risk

CUSTOMER PROTECTION

Customer protection is a major challenge for the Societe Generale Group, which is committed to respecting and protecting the interests of its customers.

The prevention of financial vulnerability (early detection), banking inclusion (the right to hold an account) and the replacement or removal of insurance taken out on a real estate loan were priorities in 2021.

Information provided to customers was strengthened with new rules on ESG (Environmental and Social Governance) labelling and designations.

The system keeping track of obligations laid down in European consumer protection regulations (MIF2 and the Insurance Directive or DDA) is in place for product governance and advisory, as well as to ensure compliance with information requirements.

In an environment still dominated by the health and social crisis, significant measures are being implemented in the Group's system in terms of:

- strengthening internal rules regarding key aspects of customer protection (marketing rules, cross-border sales, customer claims, conflicts of interest, product governance, protection of customers' assets, along with compensation and qualification of employees);
- specific training and increased staff awareness; the importance the Group places on this issue is largely addressed in the Group's Code of Conduct;
- adapting as a matter of necessity existing tools to new regulatory requirements, in particular the Shareholder Rights Directive II (SRD2), applicable as of 2021.

Customer claims

Processing a claim is a commercial act that impacts customer satisfaction. Accordingly, it has received much coverage in the Code of Conduct.

The "Customer claim processing" Group instruction incorporates the recommendations of the national supervisor (French Prudential Supervisory and Resolution Authority – ACPR) and the regulatory requirements (MIF2, DDA and DSP – the Payment Services Directive) relative to the strengthening of customer protection measures at European level. The bank's businesses have an *ad hoc* governance, an organisation, human resources and applications, formalised procedures, and quantitative and qualitative monitoring indicators.

Independent mediation supplements this internal system. Mediation, a measure aimed at amicable settlement, is brought to customers' awareness on multiple information media, in particular through a permanent notice on the back of bank account statements. Every entity involved is obliged to comply with the independent mediator's decision.

Conflicts of interest

The Group has a clear normative framework in place to prevent and manage conflicts of interest. This framework specifies the principles and mechanisms that have been implemented. This robust system covers three categories of potential conflicts of interest: those that may arise between the Group and its customers or between the Group's customers; those occurring between the Group and its employees (particularly in relation to activities involving an employee's personal interest and/or their professional obligations); and, lastly, those arising between the Group and its suppliers. The system has been supplemented by the reporting of conflicts of interest (*Déclaration des Conflits d'intérêts* – DACI) required of Group employees most exposed to the risks of corruption.

Product governance

Systematic reviews ahead of and during the marketing process ensure compliance with product governance obligations. As product originator, Societe Generale sets up Product Review Committees to ensure the target market has been defined correctly and, if not, to adjust it accordingly. As distributor, Societe Generale checks that the criteria match the customers' situation and communicates with product originators to track products during their life cycle. Updated in 2021, Societe Generale's investment services policy now includes new offers in terms of sustainable finance, the supervision of crypto-assets, and detailed notes on the target markets of the main instruments produced or distributed by each business.

Vulnerable customers

Societe Generale has established practices and usages to comply with legislation vis-à-vis vulnerable customers, in particular customers benefiting from the offer tailored to financially vulnerable customers. To contribute to the national effort to boost the purchasing power of French citizens in challenging financial circumstances, the Group has added to its practices by introducing additional measures in 2019, notably: i) freezing bank fees; ii) capping bank intervention fees for vulnerable clients; and iii) organising follow-up and support suited to the situation of customers experiencing difficulties in the wake of recent events. These measures are closely monitored and covered in action plans aimed at identifying financially vulnerable customers.

MARKET INTEGRITY

The main regulatory risks concerning market integrity involve the following:

- interest rate benchmarks;
- market manipulation and the protection of privileged information (market abuse regulations);
- regulations for transparency and to reduce the systemic risk inherent in over-the-counter (“OTC”) derivatives;
- separation of proprietary trading by banks (US Volcker Rule and French Banking Law on the Separation and Regulation of Banking Activities).

The overall system for hedging Market Integrity risk was strengthened in 2021, in particular with respect to processes and controls on OTC derivatives activities in accordance with the relevant regulations, and on preventive measures concerning personal staff transactions.

Market abuse

The system continued to be strengthened in 2021 with the extension and improvement of tools identifying market manipulation risks and an extensive employee training programme on the subject.

Regarding staff transactions, Societe Generale implemented a new pre-authorisation tool based on classifying employees in terms of their exposure to confidential information on investment services customers or on the Bank as issuer.

Regarding **market indices**: the Group has implemented an action plan to monitor contributions to benchmarks and ensure their Group-wide administration. In addition to contributions to **benchmark indices** and the administration of indices, the use of indices has been subject to regulatory restrictions since January 2020. This system is monitored Group-wide.

The year was also characterised by the Group’s preparation for the IBOR transition in order to replace IBOR interest rate benchmarks with alternative, risk-free rates.

Separation of banking activities

The US Volcker Rule – which established a prohibition in principle for certain institutions in the financial services sector, such as the Societe Generale Group, to conduct speculative trading and hold covered funds⁽¹⁾ on its own account – was subject to two major amendments in 2019 and 2020. These amendments ease the Societe Generale Group’s regulatory obligations.

The system overseeing compliance with the Volcker Rule and the Separation and Regulation of Banking Activities Act has been made permanent and stabilised following the aforementioned developments in 2020. Moreover, the system providing a regulatory framework for market activities (regarding activity indicators, in particular) was reformed in March 2019 (Order of 18 March 2019). These changes were incorporated into the internal normative and control system.

OTC derivatives

Regulatory risks related to derivatives market activities are covered by European regulations (MIFIR, EMIR regulation) and US regulations (Dodd-Frank Act).

These regulations remain subject to changes. Combined with business and technological developments, they require constant updates and adjustments to the compliance management system. The year 2021 was characterised by the continued implementation of new requirements.

Transaction reporting

In light of the many regulatory requirements attached to transaction reporting, and regulators’ heightened interest in the quality of such reports, Societe Generale is continuing to deploy a new Group policy dedicated to mandatory compliance reporting (including transaction reporting). This policy defines the governance and control standards applicable to these reports.

COMPLIANCE/TAX TRANSPARENCY

Societe Generale Group’s principles on combating tax evasion are governed by the Tax Code of Conduct. The Code was updated in March 2017 and approved by the Board of Directors after review by the Executive Committee. It is a public document and can be consulted on the Bank’s institutional investor portal (https://www.societegenerale.com/sites/default/files/documents/Code%20de%20conduite/tax_code_of_conduct_of_societe_generale_group_uk.pdf).

The five main principles of the Code of Conduct are as follows:

- Societe Generale ensures compliance with the tax rules applicable to its business in all countries where the Group operates, in accordance with international conventions and national laws;
- in its customer relationships, Societe Generale ensures that customers are informed of their tax obligations relating to transactions carried out with the Group, and the Group complies with the reporting obligations that apply to it as bookkeeper or in any other way;
- in its relations with the tax authorities, Societe Generale is committed to strictly respecting tax procedures and ensures that it maintains open and transparent relations to maintain its reputation;
- Societe Generale does not encourage or promote tax evasion for itself, its subsidiaries or its customers;
- Societe Generale has a tax policy in line with its strategy of sustainable profitability and refrains from any operation, whether for its own account or for its customers, whose main purpose or effect is tax motivated, unless this is consistent with the intention of the legislation.

The Board of Directors annually reviews the application of the Code and the procedures and systems in place within the Group to ensure that new products and new establishments comply with the Group’s tax principles.

(1) The Volcker Rule does not offer a specific definition of the term “covered fund”. It sets out a general prohibition to deal with hedge funds and private equity funds, also including a list of exceptions based on the products and/or strategy of the fund, which may provide an exemption from this category. For example, retirement or pension funds, foreign public funds, acquisition vehicles and securitisation vehicles are not considered covered funds.

Relationships with legislators and tax law policy makers are governed by the Charter for Responsible Advocacy with respect to Public Authorities and Representative Institutions (<https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/societe-generale-obligations-for-a-responsible-advocacy.pdf>).

The Group is committed to a strict policy with regard to tax havens. No Group entity is authorised in a state or territory on the official French list of ETNCs (*États et territoires non coopératifs* in French)⁽¹⁾ and internal rules have been in place since 2003 to monitor an expanded list of countries or territories.

The Group follows the Organization for Economic Co-operation and Development's (OECD) transfer pricing standards. However, local constraints may require deviations from OECD methodologies, in which case the local constraints must be documented.

The Group publishes information on its entities and activities annually on a country-by-country basis (*Section 2.12 – page 58*) and confirms that its presence in a number of countries is for commercial purposes only, and not to benefit from special tax provisions. The Group also complies with the tax transparency rules for its own account (CbCR – country-by-Country Reporting).

The Group is fully committed to implementing regulations aimed at ensuring tax transparency for its customers' accounts (in particular FATCA and the Common Reporting Standard – CRS, DAC6).

Some of the tax regulations define tax transparency requirements. FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard), QI (Qualified Intermediary) and DAC6 (Directive on Administrative Cooperation 6) regulations have the common goal of combating fraud and tax evasion by customers. The risks borne by financial institutions are financial, commercial and reputational in nature. The Group's main challenges involve adapting to regulatory developments, which are becoming increasingly stringent over the years, and strengthening its control systems.

Societe Generale complies with tax transparency standards. The Common Reporting Standard (CRS) enables tax authorities to be systematically informed of income received abroad by their tax residents, including where the accounts are held in asset management structures. Moreover, Societe Generale complies with the requirements of the United States FATCA (Foreign Account Tax Compliance Act), which aims to combat tax evasion involving foreign accounts or entities held by US taxpayers. Non-US financial intermediaries are thus responsible for identifying US taxpayers in their customer base in order to declare the income received by said taxpayers, directly or indirectly, to the US tax administration, thereby enabling an automatic reconciliation with their individual tax returns. The tax transparency objectives have been achieved by generating a tax report filed at national level and sharing tax information between partner countries on the basis of existing bilateral tax treaties and inter-governmental agreements (IGAs).

Lastly, the Group has implemented the new European Directive on transparency between intermediaries (referred to as DAC6), which will require the reporting of cross-border tax arrangements. The Group Compliance Division has supported the Group Tax Department in implementing DAC6, more specifically the D regulatory marker regarding schemes aimed at circumventing the CRS and those involving opaque chains of beneficial owners.

Importantly, the account-keeping entities of the Private Banking business line are established exclusively in countries with the strictest tax transparency rules imposed by G20 member countries and the OECD. These countries ratified the Convention on Mutual Administrative Assistance in Tax Matters, introduced the automatic exchange of information in financial accounts (CRS) and obtained the "largely compliant" and "compliant" rating as part of the peer review process conducted under the aegis of the OECD. Assets deposited in Private

Banking books are subject to enhanced scrutiny using comprehensive due diligence procedures to ensure they are tax compliant.

In accordance with regulatory requirements, Societe Generale also includes tax fraud in its anti-money laundering procedures.

ANTI-CORRUPTION MEASURES

Societe Generale is fully committed to fighting corruption and has given clear undertakings in this respect by participating in the Wolfsberg Group and the Global Compact.

The Group applies strict principles that are included in its Code of Conduct and its "Anti-Corruption and Influence Peddling Code".

Societe Generale's anti-corruption programme is built around the following themes:

- code of conduct;
- risk mapping;
- appropriate training at all levels (senior management, exposed persons, all employees);
- control systems;
- accounting procedures;
- evaluation of third parties;
- disciplinary system;
- right to whistleblow.

Within this context, processes and tools continue to be strengthened with the provision of staff dedicated to anti-corruption practices within the Group, and the creation of monitoring indicators and new controls – including accounting and operational controls to reduce the risk of corruption.

The Group's anti-corruption instructions have been revised and expanded to include a new version of the Anti-Corruption and Influence Peddling Code, which was incorporated into the Internal Rules in April 2021.

The Societe Generale Group now has several tools at its disposal, such as the tool for declaring gifts and invitations (GEMS), the tool for whistleblowing management (WhistleB), and the annual conflict of interest declaration tool (DACI).

Training measures have been strengthened, in particular with respect to persons most exposed to the risk of corruption, accounting controllers, and members of General Management and the Board of Directors.

Third-party knowledge procedures have been improved, with special focus on intermediaries, as well as the introduction of due diligence for suppliers and associations benefiting from donations or sponsorship initiatives.

CORPORATE SOCIAL RESPONSIBILITY

European financial regulations have seen significant changes from a social and environmental perspective, in particular with the entry into force in March 2021 of Regulation (EU) 2019/2088 – SFDR on sustainability-related disclosures in the financial services sector, and the Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment. The Compliance Division is developing the normative framework relative to the European Union regulations on sustainable investment. A dedicated programme is helping the business lines to comply with regulations and is producing deliverables pertaining to normative documentation, training, controls and supervision.

(1) Including the European Union blacklist.

Over and above the regulations, the Group is making voluntary, public commitments in this area. To manage the implementation of the environmental and social risk management system and ensure the Group's commitments are upheld, the Compliance Division has taken the following measures:

- developing normative controls;
- deploying e-learning on environmental and social risk management. The training was made compulsory for all employees having a direct or indirect relationship with corporate customers. Moreover, specific workshops were conducted with targeted employees in the Compliance Division to foster an understanding of and compliance with the criteria for applying voluntary commitments;
- defining an environmental and social escalation procedure with respect to corporate customers to set out the criteria requiring business lines to reach out to the Compliance Division and, where applicable, the Responsible Commitments Committee, to connect with a company or during situations likely to present a reputational risk arising from environmental or social factors.

DATA PROTECTION

As a trusted partner of its customers, Societe Generale is especially sensitive to personal data protection.

Following the entry into force of the General Data Protection Regulation (GDPR), which increases the Company's obligations and the level of sanctions in case of non-compliance with these obligations (up to 4% of revenue), the Societe Generale Group has considerably strengthened its personal data processing management system.

Across all Group entities, internal instructions and associated procedures in line with local and European regulations define the rules to apply and the measures to take to guarantee the protection and security of customer and staff data. In particular, measures to inform data subjects (customers, employees, shareholders, suppliers, etc.) and process their demands are in place so that such persons can exercise their rights, notably *via* dedicated digital platforms. A personal data security policy has been defined, which fits in with the Group's overall security strategy, especially as regards cybersecurity. Moreover, there has been a specific effort to increase staff awareness *via* dedicated training.

Lastly, Societe Generale Group has appointed a Data Protection Officer (DPO) who reports to the Head of Group Compliance and is the main contact person for the Personal Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés* – CNIL). The DPO is responsible for ensuring sound Group compliance for personal data protection. Alongside the network of local DPOs and correspondents throughout the Group entities, the DPO assists them with security issues and personal data usage. As part of his or her duties, the DPO regularly reviews a number of indicators, notably the number and nature of requests by persons seeking to exercise their rights under GDPR, the internal training completion rate, and the local DPO certification programme.

Other regulatory risks

RISK AND COMPENSATION POLICY

In keeping with the regulatory framework defined by European Directive CRD4, Societe Generale has had a specific governance in place to determine variable compensation since the end of 2010. The rules introduced by this directive apply not only to financial market professionals, but to all persons whose activity is likely to have a substantial impact on the risk profile of the institutions which employ them, including those exercising control functions.

The regulatory framework defined by European Directive CRD4 since 2014 and by European Directive CRD5 which has applied since 1 January 2022 does not modify the rules determining the variable compensation of persons whose activity is likely to have an impact on the risk profile of the Group and of the employees who exercise control functions. The above-mentioned principles and governance remain in place within the Group.

According to the principles approved by the Board of Directors as proposed by the Compensation Committee, the compensation mechanisms and processes for the identified population not only factor in the financial results of the transactions undertaken, but also the broader context and how these results are generated, especially in terms of control and management of all risks and adherence to compliance rules. Control function employees are compensated independently of the results of the transactions that they control, and according to criteria specific to their activity.

Variable compensation includes a non-deferred portion and a deferred portion. The acquisition of the deferred portion of the variable compensation is subject to three conditions: a minimum length of service, a minimum level of financial performance of the Company and/or the activity, and appropriate management of risks and compliance (malus and clawback provisions). All deferred variables of the regulated population are subject to a non-payment clause to sanction any excessive risk-taking or behaviour deemed unacceptable. Subject to applicable regulations, a clawback clause enables Societe Generale to request the return of deferred variables, in part or in full, after the holding period and for a five-year period after their allocation was included in the Group's plan for deferred variable compensation allocated for 2021.

At least 50% of this compensation is paid in shares or equivalent securities. The purpose of these payment methods is to align the compensation with the Company's performance and risk horizon.

The Risk Division and Compliance Division help define and implement this policy. In particular, every year they independently assess the main activities of Wholesale Banking, and of French and International Retail Banking, and the principal risk takers, together with the desk managers subject to the Separation and Regulation of Banking Activities Act and the Volcker Rule in relation to their risk management and compliance. These assessments are reviewed by General Management and taken into account when determining the amounts of variable compensation.

Furthermore, Societe Generale has implemented a specific system and governance aimed at the holders of trading mandates to ensure that the compensation policy genuinely factors in the requirements of the Separation and Regulation of Banking Activities Act of 26 July 2013 and the Volcker Rule.

In keeping with our historical approach and in accordance with the recommendations of the Committee of European Banking Supervisors, several regulatory principles – the portion of deferred compensation, the acquisition of which is subject to conditions of presence, the minimum performance of the Group and the activity, and appropriate risk and compliance management – apply to a wider population than the regulated population depending on the level of variable compensation, notably across the scope of Wholesale Banking.

In addition, the Group's annual employee appraisal tool has included a Conduct and Compliance section since 2018, enabling managers to factor in cases of non-compliant employee behaviour with respect to risk management, quality of service and respecting customers' interests. Where an employee has failed to observe conduct and compliance rules, the manager must draft and implement a dedicated action plan to assist him or her. The results of this specific appraisal measure are crucial in determining the employee's career path and compensation.

The consideration given to risks in the compensation policy is presented every year to the Risks Committee and a Director sitting on the Risks Committee also sits on the Compensation Committee.

Management of reputational risk

The reputational risk management system is described in the Societe Generale Code.

It is coordinated by the Compliance Department, which:

- supports the Compliance Control Officers of the businesses in their strategy for preventing, identifying, assessing and controlling reputational risk;
- develops a reputational risk dashboard that is communicated quarterly to the Risk Committee of the Board of Directors, based on information from the businesses/Business Units and support functions/Service Units (in particular the Human Resources, Communications, Legal, Corporate Social Responsibility and Data Protection Departments).

Moreover, Chief Compliance Officers dedicated to Business Units take part in the various bodies (new product Committees, *ad hoc* Committees, etc.) organised to approve new types of transactions, products, projects or customers, and formulate a written opinion as to their assessment of the level of risk of the planned initiative, and notably the reputational risk.

COMPLIANCE REMEDIATION PLAN IN THE WAKE OF AGREEMENTS ENTERED INTO WITH FRENCH AND US AUTHORITIES

In June 2018, Societe Generale entered into agreements with the US Department of Justice (DOJ) and the US Commodity Futures Trading Commission (CFTC) to resolve their investigations into IBOR submissions, and with the DOJ and the French Financial Prosecutions Department (*Parquet National Financier* - PNF) to resolve their investigations into certain transactions involving Libyan counterparties.

In November 2018, Societe Generale entered into agreements with the US authorities to resolve their investigations into certain US dollar transactions involving countries, persons or entities subject to US economic sanctions.

As part of these agreements, the Bank committed to enhance its compliance system in order to prevent and detect any violation of anti-corruption and bribery, market manipulation and US economic

sanction regulations, and any violation of New York state laws. The Bank also committed to enhance corporate oversight of its economic sanctions compliance programme.

Moreover, the Bank agreed with the US Federal Reserve to hire an independent consultant to assess the Bank's progress on the implementation of measures to strengthen its compliance programme with respect to sanctions and embargoes.

To meet the commitments made by Societe Generale as part of these agreements, the Bank developed a programme to implement these commitments and strengthen its compliance system in the relevant areas. This programme has been placed under the direct supervision of the Group Head of Compliance. In addition, the programme's Steering Committee is chaired by a member of the Bank's General Management, and a programme progress report is presented to the Board of Directors on a monthly basis.

In 2021, the Programme was rolled out according to the schedule presented to the internal Governance bodies and the various authorities who have received regular reports on the progress of remedial actions. Moreover, the external audits provided for in the agreements have been conducted or are under way.

On 30 November and 2 December 2021, the US federal court confirmed the termination of legal proceedings by the DOJ, which confirmed that Societe Generale complied with obligations relating to the deferred prosecution agreements (DPA) of June and November 2018. In December 2020, the PNF resolved proceedings against Societe Generale and acknowledged that Societe Generale had fulfilled its obligations with respect to the public interest judicial convention.

UNITED STATES COMPLIANCE REMEDIATION PLAN

On 19 November 2018, Societe Generale Group and its New York branch (SGNY) entered into an agreement (enforcement action) with the NY State Department of Financial Services regarding the SGNY anti-money laundering compliance programme. This agreement requires (i) submitting an enhanced anti-money laundering programme, (ii) an anti-money laundering governance plan, and (iii) the performance of an external audit in 2020.

As background information, on 14 December 2017, Societe Generale and SGNY on the one hand, and the Board of Governors of the Federal Reserve on the other hand, agreed to a Cease and Desist order (the "Order") regarding the SGNY compliance programme to adhere to the Bank Secrecy Act ("BSA") and its anti-money laundering ("AML") obligations (the "Anti-Money Laundering Compliance Program"), and regarding some aspects of its Know Your Customer (KYC) programme.

This Cease and Desist Order signed on 14 December 2017 with the US Federal Reserve supersedes the Written Agreement entered into in 2009 between Societe Generale Group and SGNY on the one hand, and the US Federal Reserve and the New York State Financial Services Department on the other.

On 17 December 2019, Societe Generale SA and SGNY signed an agreement with the Federal Reserve Bank of New York (FRB) regarding compliance risk management. This agreement included the submission and approval by the FRB, followed by the implementation, of (i) an action plan to strengthen supervision by the US Risk Committee of the compliance risk management programme, (ii) an action plan to improve the compliance risk management programme in the US, and (iii) revisions of the internal audit programme concerning compliance risk management audits in the US. As at the end of 2021, these actions were being implemented.

4.11.2 LITIGATION

The information pertaining to risks and litigation is included in Note 9 to the consolidated financial statements, page 534.

4.12 MODEL RISK

Many choices made within the Group are based on quantitative decision support tools (models). Model risk is defined as the risk of losses due to decisions reached based on results of internal modeling due to errors in development, implementation or use of these models. It can take the form of model uncertainty or errors in the implementation of model management processes.

4.12.1 MODEL RISK MONITORING

The Group is fully committed to maintaining a solid governance system in terms of model risk management in order to ensure the efficiency and reliability of the identification, design, implementation, modification monitoring processes, independent review and approval of the models used. An MRM (“Model Risk Management”) Department in charge of controlling model risk was created within the Risk Department in 2017. Since then, the model risk management framework has been consolidated and structured and is based today on the following device.

Actors and responsibilities

The model risk management system is implemented by the three independent lines of defence, which correspond to the responsibility of the business lines in risk management, to the review and independent supervision and evaluation of the system and which are segregated and independent to avoid any conflict of interest.

The device is as follows:

- the first line of defence (LoD1), which brings together several teams with diverse skills within the Group, is responsible for the development, implementation, use and monitoring of the relevance over time of the models, in accordance with model risk management system; these teams are housed in the Business Departments or their Support Departments;
- the second line of defence (LoD2) is made up of governance teams and independent model review teams, and supervised by the “Model Risk” Department within the Risk Department;
- the third line of defence (LoD3) is responsible for assessing the overall effectiveness of the model risk management system (the relevance of governance for model risk and the efficiency of the activities of the second line of defence) and independent audit of models: it is housed within the Internal Audit Department.

Governance, steering and monitoring

A MRM Committee chaired by the Risk Director meets at least every three months to ensure the implementation of the management system and monitor the risk of models at Group level. Within the second line of defence and the “Model risk” Department, a governance team is in charge of the design and management of the model risk management system at Group level.

As such:

- the normative framework applicable to all of the Group’s models is defined, applied when necessary to the main families of models to provide details on the specifics, and maintained while ensuring the consistency and homogeneity of the system, its integrity and its compliance with regulatory provisions; this framework specifies in particular the definition of expectations with regard to LoD1, the principles for the model risk assessment methodology and the definition of guiding principles for the independent review and approval of the model;
- the identification, recording and updating of information of all models within the Group (including models under development or recently withdrawn) are carried out in the model inventory according to a defined process and piloted by LoD2;
- the monitoring and reporting system relating to model risk incurred by the Group in Senior Management has been put in place. The appetite for model risk, corresponding to the level of model risk that the Group is ready to assume in the context of achieving its strategic objectives, is also formalised through statements relating to risk tolerance, translated under form of specific indicators associated with warning limits and thresholds.

Model life cycle and review and approval process

For each model, risk management is based on compliance with the rules and standards defined for the entire Group by each LoD1 player, it is guaranteed by an effective challenge from LoD2 and a uniform approval process.

The need to examine a model is assessed according to the level of model risk, its model family and applicable regulatory requirements. The independent review by the second line of defence is triggered in particular for new models, periodic model reviews, proposals to change models and transversal reviews in response to a recommendation:

- it corresponds to all the processes and activities which aim to verify the conformity of the functioning and use of the models with respect to the objectives for which they were designed and to the applicable regulations, on the basis of the activities and controls implemented by LoD1;
- it is based on certain principles aimed at verifying the theoretical robustness (evaluation of the quality of the design and development of the model), the conformity of the implementation and use, and the relevance of the monitoring of the model;
- it gives rise to an Independent Review Report, which describes the scope of the review, the tests carried out, the results of the review, the conclusions or the recommendations.

The approval process follows the same approval scheme for all models, the composition of governance bodies being able to vary according to the level of model risk, the family of models, the applicable regulatory requirements and the Business Units/Service Units in which model is applicable. Responsible for LOD2, the approval process consists of two consecutive instances:

- the Review Authority which aims to present the conclusions identified by the review team in the independent Review Report and to discuss, allowing for a contradictory debate between LoD1 and LoD2. Based on the discussions, LoD2 confirms or modifies the conclusions of the review report, including the findings and recommendations, without being limited thereto;
- the Approval Authority, a body which has the power to approve (with or without reservation) or reject the use of a model, changes made to the existing model or continuous monitoring of the relevance of the model along the time proposed by the LOD1, from the Independent Review Report and the minutes of the Review Authority.

4.13 RISK RELATED TO INSURANCE ACTIVITIES

Risk related to insurance activities: through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to this business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims.

4.13.1 MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risks:

- underwriting risks, particularly risk through life insurance, individual personal protection and non-life insurance. This risk can be biometrical: disability, longevity, mortality, or related to policyholders' behavior (risk of lapses). To a lesser extent, the Insurance business line is also exposed to non-life and health risks. Such risks can come from pricing, selection, claims management or catastrophic risk;
- risks related to financial markets and ALM: the Insurance business line, mainly through life insurance on the French market, is exposed to instabilities on the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by policyholder behavior.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks are monitored and regularly reported, they are framed by risk policies validated by the Board of Directors of each entity.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy as long-term performance objectives. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Departments of the Insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behavior (redemption);
- close monitoring of financial markets;
- hedging against exchange rate risks (both rising and falling);
- hedging downside equity risk;
- defining thresholds and limits per counterparty, per issuer rating and assets class;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA Report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

4.13.2 INSURANCE RISK MODELING

The models are reviewed by the Insurance Risks Department, which is the second line of defence in the context of model risk management. The review works relate to the theoretical robustness (evaluation of the quality of design and development) of the models, the use of the model, the conformity of the implementation and the continuous

monitoring of the relevance of the model over time. The independent review process ends with (i) a report describing the scope of the review, the tests performed, the results of the review, conclusions or recommendations and by (ii) validation Committees. The model control system gives rise to recurring reporting to the appropriate bodies.

4.14 OTHER RISKS

4.14.1 PRIVATE EQUITY RISK

The Group has limited appetite for financial shareholdings in proprietary private equity operations. The types of admissible private equity operations chiefly relate to:

- commercial support for the network through the private equity arm of the Societe Generale and Crédit du Nord networks and those of certain foreign subsidiaries;
- shareholdings in innovative companies, either directly or through private equity funds;
- shareholdings in financial services companies such as Euroclear and Crédit Logement.

Private equity investments are managed directly by the networks concerned (Societe Generale, Crédit du Nord and foreign subsidiaries) and are capped at EUR 25 million. Any investments above this threshold must be approved by the Group Strategy Department based on a file submitted by the Business Unit in conjunction with the Finance Department. The file must include arguments justifying a private equity investment of the allotted size, the projected outcome and the expected profitability based on the consumption of the associated capital, the investment criteria (criteria, typology, duration, etc.), risk analysis and the proposed governance. The Group's General Management must approve the investment amount if

it exceeds EUR 50 million and base its decision on the opinion delivered by the Strategy Department, the Finance Department, the General Secretary and the Compliance Department. Every six months, the relevant Business Unit must submit a report to the Strategy Department which tracks the operations and the use of the allocated investment amount.

Other private equity minority investments undergo a dedicated validation process for both the investment and divestment phases. They are approved by the Heads of the Business Units and of the entities concerned and by their Finance Department, the Strategy Department and also the Group's General Management for amounts exceeding EUR 50 million, in addition to the Board of Directors for amounts above EUR 250 million. These files are assessed by the Strategy Department with the assistance of experts from the Services and Business Units involved in the operation, comprising at least the Finance Department, the Corporate Secretary's Legal and Tax Departments and the Compliance Department. The assessment is based on a review of the proposed shareholding, the arguments in favour of such an investment and its context, the structuring of the operation, its financial and prudential impacts, the assessment of identified risks and the resources employed to track and manage them.

4.14.2 RESIDUAL VALUE RISK

Through its Specialised Financial Services Division, mainly in its long-term vehicle leasing subsidiary, the Group is exposed to residual value risk (where the net resale value of an asset at the end of the leasing contract is less than expected).

Risk identification

Société Générale Group holds, inside its ALDA Business Units (automobile leasing activity) cars on its balance sheet with a risk related to the residual value of these vehicles at the moment of their disposals. This residual value risk is managed by ALD Automotive (ALDA).

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value and (ii) additional depreciation booked during the lease term if the expected residual values of its vehicles decline below the contractual residual value. The future sales results and estimated losses are affected by external factors like macroeconomic, government policies, environmental and tax regulations, consumer preferences, new vehicles pricing, etc.

ALDA gross operating income derived from car sales totalled EUR 437.7 million at 31 December 2021 versus EUR 61.1 million at 31 December 2020.

Risk management

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used by ALDA as a basis for producing vehicle lease quotations.

A Residual Value Review Committee is held at least twice a year within each operating entity of ALDA. This Committee debates and decides residual values, taking into account local market specificities, documenting its approach, ensuring that there is a clear audit trail.

A central ALDA team dedicated to control validates the proposed residual values prior to their being notified to the operating entities and updated in the local quotation system. This team informs ALD's Group Finance Director and Risk Manager in case of disagreements.

Additionally, the fleet revaluation process determines an additional depreciation in countries where an overall loss on the portfolio is identified. This process is performed locally twice a year for operating entities owning more than 5,000 cars (once a year for smaller entities) under the supervision of the central team and using common tools and methodologies. This depreciation is booked in accordance with accounting standards.

4.14.3 STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic trajectory and reviews them at least once a year. Moreover, the Board of Directors approves strategic investments and any transaction (particularly disposals and acquisitions) that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out under the authority of General Management, by the General Management Committee (which meets weekly without exception), by the Group Strategy Committee and by the Strategic Oversight Committees of the Business Units and Service Units. The composition of these various bodies is set out in the Corporate Governance chapter of the present document, Chapter 3 (see pages 61 and following). The Internal Rules of the Board of Directors (provided in Chapter 7 of the present document, at page 617) lay down the procedures for convening meetings.

4.14.4 ENVIRONMENTAL AND SOCIAL RISKS

The Group's approach in terms of environmental and social issues is set out in Chapter 5 of this Universal Registration Document (pages 265 and following).

4.14.5 CONDUCT RISK

The Group is also exposed to conduct risk through all of its core businesses. The Group defines conduct risk as resulting from actions (or inactions) or behaviours of the Bank or its employees, inconsistent with the Group's Code of Conduct, which may lead to adverse consequences for its stakeholders, or place the Bank's sustainability or reputation at risk.

Stakeholders include in particular the clients, employees, investors, shareholders, suppliers, the environment, markets and countries in which the Group operates.

See also "Culture and Conduct programme" (see pages 276 and 277).

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED BALANCE SHEET - ASSETS

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

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

6.1.2 CONSOLIDATED BALANCE SHEET - LIABILITIES

<i>(In EURm)</i>		31.12.2021	31.12.2020
Due to central banks		5,152	1,489
Financial liabilities at fair value through profit or loss*	Notes 3.1, 3.2 and 3.4	307,563	372,705
Hedging derivatives	Notes 3.2 and 3.4	10,425	12,461
Debt securities issued	Notes 3.6 and 3.9	135,324	138,957
Due to banks	Notes 3.6 and 3.9	139,177	135,571
Customer deposits	Notes 3.6 and 3.9	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk		2,832	7,696
Tax liabilities*	Note 6	1,577	1,227
Other liabilities	Note 4.4	106,305	84,937
Non-current liabilities held for sale		1	-
Insurance contracts related liabilities	Note 4.3	155,288	146,126
Provisions*	Note 8.3	4,850	4,732
Subordinated debts	Note 3.9	15,959	15,432
TOTAL LIABILITIES*		1,393,586	1,377,392
SHAREHOLDER'S EQUITY			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		21,913	22,333
Other equity instruments		7,534	9,295
Retained earnings*		30,631	32,102
Net income		5,641	(258)
SUB-TOTAL*		65,719	63,472
Unrealised or deferred capital gains and losses	Note 7.3	(652)	(1,762)
SUB-TOTAL EQUITY, GROUP SHARE*		65,067	61,710
Non-controlling interests*	Note 2.3	5,796	5,302
TOTAL EQUITY*		70,863	67,012
TOTAL*		1,464,449	1,444,404

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

6.1.3 CONSOLIDATED INCOME STATEMENT

<i>(In EURm)</i>		2021	2020
Interest and similar income	Note 3.7	20,590	20,721
Interest and similar expense	Note 3.7	(9,872)	(10,248)
Fee income	Note 4.1	9,162	8,529
Fee expense	Note 4.1	(3,842)	(3,612)
Net gains and losses on financial transactions		5,723	2,851
<i>o/w net gains and losses on financial instruments at fair value through profit or loss</i>	Note 3.1	5,704	2,785
<i>o/w net gains and losses on financial instruments at fair value through other comprehensive income</i>		44	69
<i>o/w net gains and losses from the derecognition of financial instruments at amortised cost</i>		(25)	(3)
Net income from insurance activities	Note 4.3	2,238	2,124
Income from other activities	Note 4.2	12,237	11,471
Expenses from other activities	Note 4.2	(10,438)	(9,723)
Net banking income		25,798	22,113
Personnel expenses	Note 5	(9,764)	(9,289)
Other operating expenses	Note 8.2	(6,181)	(5,821)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.4	(1,645)	(1,604)
Gross operating income		8,208	5,399
Cost of risk	Note 3.8	(700)	(3,306)
Operating income		7,508	2,093
Net income from investments accounted for using the equity method	Note 2.3	6	3
Net income/expense from other assets		635	(12)
Value adjustments on goodwill	Note 2.2	(114)	(684)
Earnings before tax		8,035	1,400
Income tax	Note 6	(1,697)	(1,204)
Consolidated net income		6,338	196
Non-controlling interests	Note 2.3	697	454
Net income, Group share		5,641	(258)
Earnings per ordinary share	Note 7.2	5.97	(1.02)
Diluted earnings per ordinary share	Note 7.2	5.97	(1.02)

6.1.4 STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

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

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

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In EURm)	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 2020	21,975	9,133	32,787	-	(368)	63,527	5,043	68,570
Effect of IFRS IC decision related to IAS 19	-	-	26	-	-	26	7	33
At 1 January 2020 restated*	21,975	9,133	32,813	-	(368)	63,553	5,050	68,603
Increase in common stock and issuance/redemption and remuneration of equity instruments	-	162	(628)	-	-	(466)	(33)	(499)
Elimination of treasury stock	316	-	(57)	-	-	259	-	259
Equity component of share-based payment plans (see Note 5.3)	42	-	-	-	-	42	-	42
2020 Dividends paid (see Note 7.2)	-	-	-	-	-	-	(91)	(91)
Effect of changes of the consolidation scope	-	-	80	-	-	80	(21)	59
Sub-total of changes linked to relations with shareholders	358	162	(605)	-	-	(85)	(145)	(230)
2020 Net income	-	-	-	(258)	-	(258)	454	196
Change in unrealised or deferred gains and losses	-	-	-	-	(1,394)	(1,394)	(57)	(1,451)
Other changes	-	-	(106)	-	-	(106)	-	(106)
Sub-total	-	-	(106)	(258)	(1,394)	(1,758)	397	(1,361)
At 31 December 2020*	22,333	9,295	32,102	(258)	(1,762)	61,710	5,302	67,012
Allocation to retained earnings	-	-	(290)	258	32	-	-	-
At 1 January 2021	22,333	9,295	31,812	-	(1,730)	61,710	5,302	67,012
Increase in common stock and issuance/redemption and remuneration of equity instruments (see Note 7.1)	-	(1,761)	(627)	-	-	(2,388)	(33)	(2,421)
Elimination of treasury stock (see Note 7.1)	(468)	-	(36)	-	-	(504)	-	(504)
Equity component of share-based payment plans (see Note 5.3)	48	-	-	-	-	48	-	48
2021 Dividends paid (see Note 7.2)	-	-	(468)	-	-	(468)	(193)	(661)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	(41)	-	-	(41)	(18)	(59)
Sub-total of changes linked to relations with shareholders	(420)	(1,761)	(1,172)	-	-	(3,353)	(244)	(3,597)
2021 Net income	-	-	-	5,641	-	5,641	697	6,338
Change in unrealised or deferred gains and losses	-	-	-	-	1,078	1,078	43	1,121
Other changes	-	-	(9)	-	-	(9)	(2)	(11)
Sub-total	-	-	(9)	5,641	1,078	6,710	738	7,448
At 31 December 2021	21,913	7,534	30,631	5,641	(652)	65,067	5,796	70,863

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

6.1.6 CASH FLOW STATEMENT

<i>(In EURm)</i>	2021	2020
Consolidated net income (I)	6,338	196
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	5,444	5,263
Depreciation and net allocation to provisions*	684	1,894
Net income/loss from investments accounted for using the equity method	(6)	(3)
Change in deferred taxes	425	496
Net income from the sale of long-term assets and subsidiaries	(41)	(74)
Other changes*	2,353	(747)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	8,859	6,829
Income on financial instruments at fair value through profit or loss	4,619	6,077
Interbank transactions	(2,338)	42,149
Customers transactions	9,034	43,790
Transactions related to other financial assets and liabilities	(16,838)	(21,347)
Transactions related to other non-financial assets and liabilities	10,620	3,064
Net increase/decrease in cash related to operating assets and liabilities (III)	5,097	73,733
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	20,294	80,758
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(3,652)	(1,275)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(6,466)	(5,588)
Net cash inflow (outflow) related to investment activities (B)	(10,118)	(6,863)
Cash flow from/to shareholders*	(4,894)	57
Other net cash flow arising from financing activities	1,268	2,109
Net cash inflow (outflow) related to financing activities (C)	(3,626)	2,166
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	2,154	(2,596)
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	8,704	73,465
Cash, due from central banks (assets)	168,179	102,311
Due to central banks (liabilities)	(1,489)	(4,097)
Current accounts with banks (see Notes 3.5 and 4.3)	26,609	21,843
Demand deposits and current accounts with banks (see Note 3.6)	(11,354)	(11,577)
Cash and cash equivalents at the start of the year	181,945	108,480
Cash, due from central banks (assets)	179,969	168,179
Due to central banks (liabilities)	(5,152)	(1,489)
Current accounts with banks (see Notes 3.5 and 4.3)	28,205	26,609
Demand deposits and current accounts with banks (see Note 3.6)	(12,373)	(11,354)
Cash and cash equivalents at the end of the year	190,649	181,945
Net inflow (outflow) in cash and cash equivalents	8,704	73,465

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

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6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

NOTE 1.1 Introduction



ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale Group (“the Group”) prepared its consolidated financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date. The Group includes the parent company Societe Generale (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

These standards are available on the European Commission website.

In accordance with the transitional measures provided by IFRS 9, the Group has elected to recognise hedging transactions under IAS 39 as adopted by the European Union, including measures related to macro-fair value hedge accounting (IAS 39 “carve-out”).



FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used to present the data for financial year is consistent with the format of financial statements proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables (ANC)*, under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities, and the circumstances in which it conducted its operations of the period still impacted by the Covid-19 crisis.

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



PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures presented in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding can generate discrepancies between the figures presented in the financial statements and those presented in the notes.

NOTE 1.2 New accounting standards applied by the Group as at 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (Interest Rate Benchmark reform – Phase 2)
 Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9
 Amendments to IFRS 16 “Leases” – Covid-19 related rent concessions beyond 30 June 2021

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

Applied early by the Group as of 31 December 2020.

In the context of the interest rate benchmark reform – or IBOR reform – currently being implemented (see Chapter 4 of the present Universal Registration Document), the accounting standards applicable have been amended by the IASB. The purpose of Phase 1 of these amendments, implemented by the Group since 31 December 2019, has been to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specifics regarding the transition from old interest rate benchmarks to new ones. These amendments shall apply until the targeted uncertainties are removed with the effective cessation of the abandoned benchmarks. As at 31 December 2021, these amendments thus still apply to all hedges in which the hedged item and/or hedging instrument remain indexed on an IBOR rate, for instance the USD Libor.

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

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

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

The economically equivalent nature of the migration stems mainly from the use of the credit risk margins fixed by market authorities or from the standard market practices for the benchmark index chosen (see Chapter 4 of the present Universal Registration Document). In the marginal cases where a different margin is used, a quantitative analysis is performed, based on the changes in value of the future cash flows of the modified instrument.

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

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

AMENDMENTS TO IFRS 16 “LEASES” – COVID-19 RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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 had not been adopted by the European Union at 31 December 2021. Their application is required for annual periods beginning on or

after 1 January 2022 at the earliest or on the date of their adoption by the European Union. Hence, they did not apply to the Group as at 31 December 2021.

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

2022	<ul style="list-style-type: none"> • Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets - Onerous contracts - Cost of fulfilling a contract" • Annual improvements to IFRS standards (2018 - 2020 cycle)
2023	<ul style="list-style-type: none"> • IFRS 17 "Insurance contracts" (see paragraph 4 of the Note 1) • 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 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS - ONEROUS CONTRACTS - COST OF FULFILLING A CONTRACT"

Adopted by the European Union on 2 July 2021.

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

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Adopted by the European Union on 2 July 2021.

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

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"

Published by the IASB on 12 February 2021.

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statements users.

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

Published by the IASB on 12 February 2021.

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

AMENDMENTS TO IAS 12 “INCOME TAXES” – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Published by the IASB on 7 May 2021.

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. Are excluded from the exemption scope all leases and decommissioning obligations for which companies recognise both an asset and a liability and will now have to recognise deferred taxes.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred tax related to leases and decommissioning obligations.

Since the date of first application of IFRS 16, the Group has been considering the rights of use and the lease-related debt as a single transaction. Consequently, on the initial recognition date, no deferred tax is recognised since the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use and lease debt subsequently result in the recognition of a deferred tax. This amendment thus has no impact on the Group’s consolidated financial statements.

NOTE 1.4 Preparation for the first-time application of IFRS 17 “Insurance contracts” and of IFRS 9 “Financial instruments” to the legal entities operating in the insurance sector

The IFRS 17 standard, published on 18 May 2017 and modified by the amendments adopted on 25 June 2020 and 9 December 2021, will supersede the IFRS 4 “Insurance contracts” standard which allows for the recognition of insurance contracts using the methods specified by the local accounting regulation.

On 23 November 2021, the European Commission (EC) published in the official journal Regulation (EU) 2021/2036 of 19 November 2021 adopting IFRS 17 “Insurance Contracts”. This adoption was supplemented with a possibility offered to European companies not to apply the requirement stated in the standard to group certain type of insurance contracts by annual cohort for their measurement (see paragraph Grouping of contracts); this possibility of exemption will be re-examined by the European Commission no later than 31 December 2027.

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

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

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

- the valuation of insurance contracts on the balance sheet: their value will be updated at each closing date based on a reassessment of the related future cash flows. This reassessment will take into account market data in relation to the financial elements and policyholders’ behaviour;
- the recognition of the margin: even if the profitability of the insurance contracts remains unchanged, the recognition in profit or loss of their margins will be modified to be spread over the duration of the insurance service; and
- the presentation of the income statement: the operating expenses attributable to the execution of the insurance contracts will, from now on, be presented in deduction of the net banking income under Insurance service expenses and will not impact the total operating expenses in the consolidated income statement anymore.

SCOPE OF THE CONTRACTS

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

GROUPING OF CONTRACTS

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

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

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

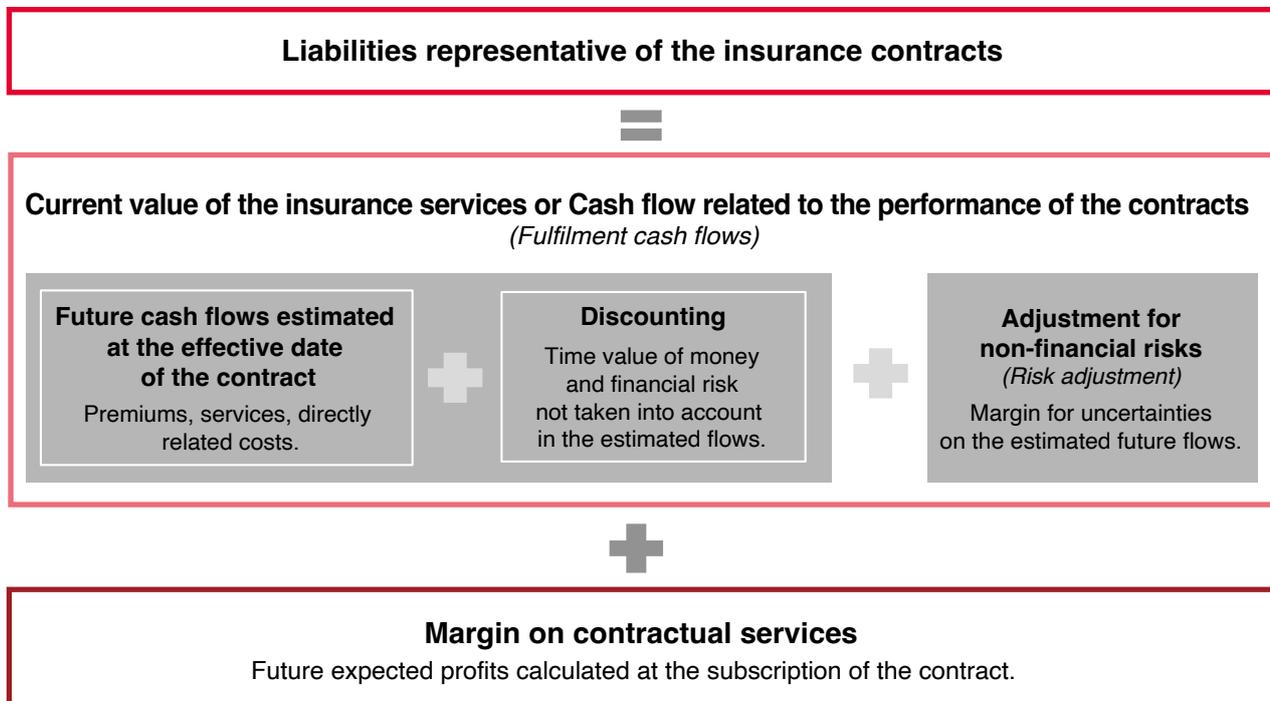
The Group plans to use this optional exemption on its life insurance contracts in France because they include direct or discretionary participation features, which allow the sharing of risks and cash flows between different generations of policyholders. These life insurance contracts are also managed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

MEASUREMENT MODELS

General Model applicable to the insurance contracts issued

INITIAL MEASUREMENT

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



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

SUBSEQUENT MEASUREMENT (EXCEPT FOR ONEROUS CONTRACTS)

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

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

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

- the impact of the new contracts added to the group of contracts;
- the interest capitalised at the discounting rate used to determine the initial margin value;

- the re-assessment execution cash flows (discounted value of the premiums receivable and of the expenses for future services over the remaining coverage period, except for the estimated expenses to be paid for the claims incurred which are assessed separately).

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

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

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

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

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

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

The major adaptations to the General Model concern:

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

Simplified approach (Premium Allocation Approach) - Option

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

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

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

SAVINGS AND RETIREMENT

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

PROTECTION ACTIVITY

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

PRESENTATION OF THE FINANCIAL PERFORMANCE

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

- the income from the insurance and reinsurance contracts issued;
- the expenses for the services relating to the insurance and reinsurance contracts issued; and

■ the income and expenses relating to the reinsurance contracts held; and on the other side:

- the financial income and expenses of the insurance and reinsurance contracts issued; and
- the financial income and expenses of the reinsurance contracts held.

The expenses for the services relating to the insurance and reinsurance contracts issued as well as the expenses for the reinsurance contracts held will then include the share of operating expenses directly attributable to the execution of the contracts which will thus be deducted from the net banking income.

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

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

TRANSITION

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

Application of the IFRS 17 standard

The initial application of IFRS 17 as at 1 January 2023 will be retrospective and the comparative figures on the 2022 financial year will be restated.

The differences in measurement of the insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 will be presented directly under "Equity".

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

- either an adjusted retrospective approach which should, provide, based on the reasonable information available without undue cost or effort, for measurements that are as close as possible to those that would result from the retrospective application of the standard;
- or an approach based on the fair value of the insurance contract portfolios as at 1 January 2022.

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

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

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

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

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

The treatment of the financial assets currently measured at fair value through profit or loss will not be modified. The other financial assets (available for sale financial assets) mainly consist of:

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

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

NOTE 1.5 Use of estimates and judgment

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the Unrealised or deferred gains and losses on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates involve risks and uncertainties concerning their occurrence in the future. Consequently, the actual future results may differ from these estimates and have a significant impact on the financial statements.

The assumptions and estimates made for the preparation of these consolidated financial statements take into account of uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 6th part of this note.

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

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

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

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

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

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

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

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

- the fair value in the balance sheet of financial instruments not listed on an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives, Financial assets at fair value through other comprehensive income or even Investments of insurance companies (described in Notes 3.1, 3.2, 3.3, 3.4 and 4.3), as well as the fair value of instruments measured at amortised cost for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair value through other comprehensive income, loan commitments granted, and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Note 3.8). The uses of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets;

- the assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring structural interest rate risk and documenting the related macro fair value hedge accounting (see Note 3.2);
- the amount of impairment on Goodwill (see Note 2.2);
- the provisions recognised under liabilities, underwriting reserves of insurance companies and deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the amount of tax assets and liabilities recognised in the balance sheet (see Note 6);
- the analysis of the contractual cash flow characteristics of financial assets (see Note 3);
- the assessment of control for determining the scope of consolidated entities, especially with regard to structured entities (see Note 2);
- the determination of the lease period to be applied in determining the right-of-use assets and the lease liability (see Note 8.4).

BREXIT

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

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

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

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

NOTE 1.6 Covid-19

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines. However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

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

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

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

CLIMATE RISK



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

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

Environmental risk factors are liable to trigger or increase the risks for the Group. The Group thus considers that climate change-related risks are not a new risk category but rather an aggravating factor for categories already covered by the risk management system. The integration of climate-related risks is based on the existing governance and processes and follows a standard approach (identification, quantification, definition of the risk appetite, control and mitigation).

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

The Group continues its work to gradually integrate climate risks in the preparation of its consolidated accounts (see Notes 2.2, 3, 3.8, 5.3 and 6).

MACROECONOMIC SCENARIOS

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

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

- the central scenario (SG Central), including the assumption that the GDP in the euro area will be back to a 2019 level in 2022, expects no new widespread closures, and assumes that the remaining social distancing measures, such as masks, will enable most sectors to operate almost as usual;
- a scenario of prolonged health crisis (SG Extended), including the assumption that the GDP in the euro area will be back to a 2019 level in 2023, expects a new sanitary shock from the end of 2021, reproducing the lockdown pattern with increased social distancing measures as observed at the end of 2020 and in Spring 2021;

- lastly, two additional scenarios, one favourable (SG Favourable) and one stressed (SG Stress), supplement these two scenarios. The favourable scenario envisages a stronger GDP growth than the central scenario owing to unexpected productivity gains leading to a potentially higher GDP. The stress scenario, including the assumption that the GDP in the euro area will be back to a 2019 level after 2026, corresponds to a crisis situation leading to a negative deviation in GDP compared to the central scenario. This scenario may result from a financial crisis (2008 crisis, Euro area crisis), an exogenous crisis (Covid) or a combination of both.

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

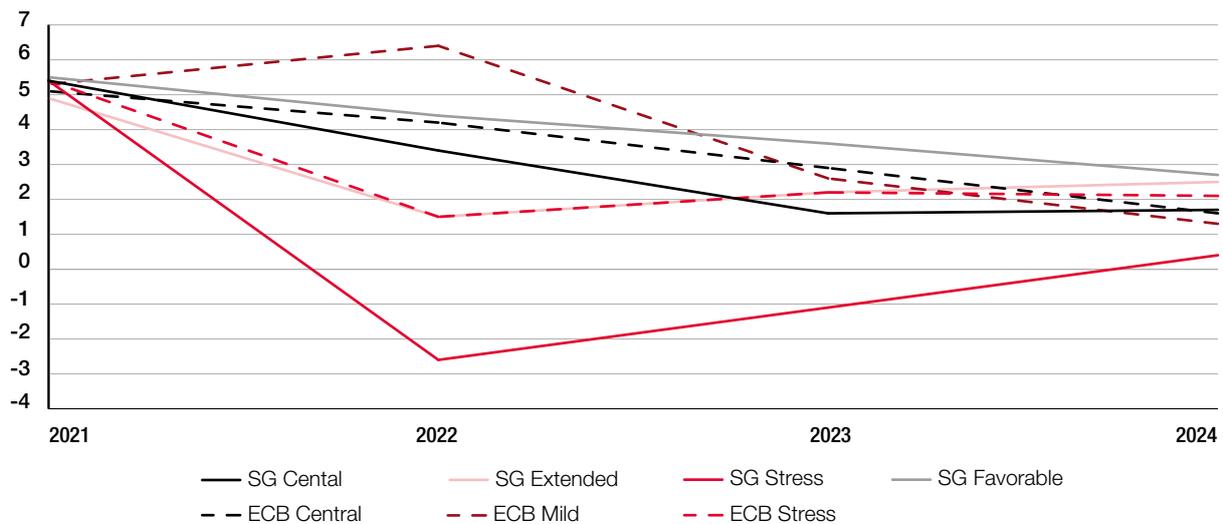
Forecasts from institutions (IMF, Global Bank, ECB, OECD...) and the consensus among market economists serve as a reference to ensure the consistency of the scenarios thus constructed.

Macroeconomic scenarios used in the credit loss measurement models

The scenarios provided by the Group's economists are integrated into the models over a 3-year horizon, followed by a two year period to return in year five to the average probability of default observed during the calibration period. The assumptions made by the Group with a view to developing these macro-economic scenarios are updated to account for the remaining uncertainties regarding the Covid-19 pandemic as well as for the economic recovery prospects.

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

GDP FORECASTS BY SCENARIO, IN PERCENTAGE



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

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

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

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

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

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

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

Weighting of the macroeconomic scenarios

The probabilities used are based on the differences observed in the past over 25 years between the forecasts made by a consensus of economists regarding the US GDP and the actual scenario that

occurred (forecast similar to the actual scenario occurred, significantly optimistic or pessimistic).

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

PRESENTATION OF THE CHANGES IN WEIGHTS:

	31.12.2020	30.06.2021	31.12.2021
SG Central	65%	65%	50%
SG Extended	10%	10%	10%
SG Stress	15%	15%	30%
SG Favourable	10%	10%	10%

CALCULATION OF EXPECTED CREDIT LOSSES AND SENSITIVITY ANALYSIS

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

Sensitivity tests have been conducted to measure the impact of the changes in weights on the models. The scope of this exercise concerns the outstanding amounts classified as Stage 1 and Stage 2 subject to a statistical modelling of the impacts of the macro-economic variables (75% of the outstanding amounts in Stage 1/Stage 2).

The results of these tests, with no impact on the classification of the outstanding amounts concerned, show that, in the event of a 100% weighting:

- of the SG Stress scenario, the impact would be an additional allocation of 381 million euros;
- of the SG Favourable scenario, the impact would be a reversal of 243 million euros;
- of the SG Central scenario, the impact would be a reversal of 150 million euros;
- of the SG Extended scenario, the impact would be a reversal of 64 million euros.

Covid-19 support measures**MORATORIUMS**

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

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

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

LOANS SUPPORTED BY THE GOVERNMENT

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

State Guaranteed Loans (Prêts Garantis par l'État - PGE)

Thus, the Group will offer, until 30 June 2022, to its customers affected by the crisis (professionals and corporate customers), the allocation of State Guaranteed Loan facilities (PGE) within the framework of the 2020 French Amending Finance Act and the conditions set by the French decree of 23 March 2020. These are financings granted at cost price and guaranteed by the government for a share of the borrowed

amount between 70 to 90% depending on the size of the borrowing enterprise (with a waiting period of two months after disbursement at the end of which the guarantee period begins). With a maximum amount corresponding, in the general case, to three months of turnover before tax, these loans come with a one-year repayment exemption. At the end of this year, the customer can either repay the loan or amortise it over one to five more years, with the possibility of extending the grace period for the repayment of principal for one year (in line with the announcements made by the French "*Ministre de l'Économie, des Finances et de la Relance*" on 14 January 2021) without extending the total duration of the loan. The remuneration conditions of the guarantee are set by the State and are applicable by all French banking institutions: the Bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the Company and the maturity of the loan) remunerating the risk it bears, which corresponds to the part of the loan not guaranteed by the State (*i.e.*, between 10% and 30% of the loan depending on the size of the borrowing company).

The State Guaranteed Loans contractual characteristics are those of basic loans (SPPI criterion) and these loans are held by the Group as part of a business model whose objective is to collect contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under Customer loans at amortised cost. In accordance with the amortised cost method, the frequency of recognition in the income statement of the share of guarantee premiums retained by the Bank is determined during the initial recording of the state-guaranteed loans (PGE) based on their estimated repayment schedules. Any subsequent change in the expected flows of these premiums resulting from the actual repayment terms (depending on the choice made by borrowers at the end of the first year of grace period and on the possibility to extend this period for another year) results in the immediate recognition in the income statement of the updated amount of additional guarantee premiums that the Bank will receive.

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

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

The expected credit losses recognised as at 31 December 2021 in relation to the PGE amount to some 145 million euros, including 78 million euros recognised by the French retail networks (including 35 million euros in Stage 2, and 31 million euros in Stage 3).

A French decree published on 19 January 2022, amending the decree published on 23 March 2020, allows some companies to benefit, under certain conditions, from an extension of their PGE repayment deadlines from six to ten years.

The possible impacts of this decree will be presented in the half-yearly financial statements.

Recovery Equity Loans (“Prêts Participatifs Relance” – PPR)

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

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

NOTE 1.7 Amounts restated compared to the financial statements published for 2020

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

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

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

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

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

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

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

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

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

This change in accounting method also impacts Cash flow statement and the Notes 2.3, 3.12, 5.2, 6, 8.1, 8.3.

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

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

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

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

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

NOTE 2 CONSOLIDATION



**MAKING IT
SIMPLE**

The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale – Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches over which the Group exercises control as well as a portion of the financial statements of the companies over which the Group exercises joint control or significant influence.

Consolidated entities

SUBSIDIARIES

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the three following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, *i.e.* the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If there are several investors, each with substantive rights that give them the unilateral ability to direct different relevant activities, the investor with that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and variable returns

To assess the link between power and variable returns, if the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

JOINT ARRANGEMENTS

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties. In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

ASSOCIATES

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

Consolidation rules and methods

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare proforma statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from their effective acquisition date while the results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

CONSOLIDATION METHODS

The subsidiaries, including the structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The portion of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the portions of these entities not owned by the Group are recognised as Debt in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, the investment in an associate is recognised, on initial recognition, under Investments accounted for using the equity method at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under Net income from investments accounted for using the equity method.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on the disposal of companies accounted for using the equity method are recorded under Net income/expense from other assets.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under Unrealised or deferred gains and losses – Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

CHANGES IN GROUP'S OWNERSHIP INTEREST IN A CONSOLIDATED ENTITY

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under Retained earnings, Group share.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is recorded under Retained earnings, Group share.

The costs related to these transactions are recognised directly in equity.

When the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under Net income/expense from assets in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

Commitments to buy out minority shareholders in fully consolidated subsidiaries

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under Other liabilities;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from Retained earnings, Group share;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of Non-controlling interests) are recorded in full in Retained earnings, Group share;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against Non-controlling interests and Retained earnings, Group share for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under Non-controlling interests on the Group's consolidated income statement.

NOTE 2.1 Consolidation scope

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main change to the consolidation scope at 31 December 2021, compared with the scope applicable at the closing date of 31 December 2020, is as follows.

TRANSFER OF THE ASSET MANAGEMENT ACTIVITIES PERFORMED BY LYXOR

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

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

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

POST-CLOSING EVENT: ACQUISITION PROJECT

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

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

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

NOTE 2.2 Goodwill



MAKING IT SIMPLE

When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value.

But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the Company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.

In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.

However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.

ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations in accordance with IFRS 3 "Business Combinations".

On the acquisition date, the acquisition cost is calculated as the total fair value of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in profit or loss for the period except those related to the issuance of equity or debt instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives. If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. If recognised as equity instruments, these subsequent adjustments are not recorded.

On the acquisition date, as required by IFRS 3, all assets, liabilities, off-balance sheet items and contingent liabilities of this new subsidiary (even if they were not recognised before the combination) are measured individually at their fair value regardless of their purpose. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately recognised in profit or loss.

On the acquisition date, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. Goodwill and non-controlling interests initially recorded are consequently adjusted.

On the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under Value adjustment on goodwill.

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

Pillars	Activities
French Retail Banking	
France Networks	Societe Generale's retail banking network, Boursorama online banking activities, consumer and equipment financing in France, retail banking network of Crédit du Nord and its 7 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), France (CGL), Czech Republic (KB, Essox), Romania (BRD)
Russia	Banking group Rosbank and its subsidiaries
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogécap, Sogessur, Oradea Vie and Antarius)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

FRANCE RETAIL BANKS PROJECTS

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

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

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

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

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

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

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

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

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

ANNUAL IMPAIRMENT TEST OF CGU

The Group performed an annual impairment test at 31 December 2021 for each CGU to which goodwill had been allocated.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An irreversible impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is booked under Value adjustment on goodwill.

The recoverable amount of a CGU is calculated using the discounted cash flow (DCF) method applied to the entire CGU.

The key principles retained for the implementation of annual tests for the assessment of the recoverable value of CGUs are as follows:

- for each CGU, estimates of future distributable dividends are determined over a five-year period, on the basis of a four-year budget trajectory (2022-2025) extrapolated to 2026, the latter year being used to calculate the terminal value;
- these estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2020 (11% of the risk-weighted assets of each CGU);
- the growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2026 forecasts;

- the projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the

risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 31 December 2021 are detailed below.

The table below presents discount rates and long-term growth rates specific to the CGUs of the Group's three core businesses:

Assumptions as at 31 December 2021	Discount rate	Long-term growth rate
French Retail Banking		
France Networks	8.0%	1.5%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.4% to 13.7%	2% to 3%
Insurance	9.0%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.4%	2.0%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.0%	2.0%
Financing and Advisory	10.0%	2.0%
Asset and Wealth Management	9.5%	2%



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

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

Pillars	
French Retail Banking	
France Networks	<ul style="list-style-type: none"> ■ In a challenging environment (regulatory constraints, low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Credit du Nord towards a digital model, and implementation of the project to merge the two retail banking networks ■ Confirmation of Boursorama's customer acquisition plan
International Retail Banking & Financial Services	
Europe	<ul style="list-style-type: none"> ■ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ■ Strict discipline applied to operating expenses and normalisation of cost of risk
Russia	<ul style="list-style-type: none"> ■ Based on 31 December 2021 assumptions: continued development of activities in Russia and strict discipline applied to operating expenses and cost of risk
Africa, Mediterranean Basin and Overseas	<ul style="list-style-type: none"> ■ Continued development of Societe Generale's sales network ■ Continued focus on operating efficiency (automatisation, dematerialisation, digitalisation and mutualisation initiatives)
Insurance	<ul style="list-style-type: none"> ■ 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⁽¹⁾
Equipment and Vendor Finance	<ul style="list-style-type: none"> ■ Consolidation of leadership in these corporate financing businesses ■ Recovery of profitability by continuing to focus on activities with the best risk/reward ■ Strict discipline applied to operating expenses and scarce resources
Auto Leasing Financial Services	<ul style="list-style-type: none"> ■ Reinforcement of ALD position at the heart of the evolving mobility world and strengthening of competitive edge to become a fully integrated sustainable mobility provider and the global leader in its industry ■ Continued growth for strategic partners and for long-term renting to retail customers ■ Continued focus on operating efficiency
Global Banking and Investor Solutions	
Global Markets and Investor Services	<ul style="list-style-type: none"> ■ Thanks to the restructuring initiated in 2019, better balance of the portfolio of businesses securing future revenues and enabling an optimisation of resources utilisation in a standardised market context ■ Consolidation of market-leading franchises (equities) and growth mainly supported by financing and investment solutions activities ■ Continued optimisation measures and investments in information systems
Financing and Advisory	<ul style="list-style-type: none"> ■ Consolidation of origination momentum of financing activities ■ Consolidation of market-leading franchises (commodity and structured financing) ■ Progressive normalisation of cost of risk in improved economic conditions
Asset and Wealth Management	<ul style="list-style-type: none"> ■ Consolidation of commercial and operational efficiency in Wealth Management in an improved economic environment and continued development of synergies with retail banking network ■ Divestment of most of Lyxor's asset management activities

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

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

For other CGUs, the tests carried out at 31 December 2021 show that the recoverable amount remains higher than the book value.

Sensitivity tests were performed to measure the impact of the change in the discount rate and in the long-term growth rate on the recoverable amount of each CGU. The results of these tests show that:

- a 50 basis point increase applied to all CGU discount rates shown in the table above would result in a decrease in the total recoverable amount of 7.3% without requiring additional impairment of any CGU;
- a 50 basis point reduction in long-term growth rates would result in a 2.5% decrease in the total recoverable amount without requiring additional depreciation of any CGU;
- by combining these two sensitivity cases, the total recoverable amount would result in a 9.2% decrease without requiring additional depreciation of any CGU.

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 has not provided any financial support to these entities outside of any contractual framework for the closing period and as of 31 December 2021 does not intend to support them financially.

Securities issued by structured debt vehicles carry an irrevocable and unconditional guarantee from Societe Generale for payment of amounts due by issuer. These issuers also enter into hedging transactions with Societe Generale to enable them to meet their payment obligations. As of 31 December 2021, the amount of outstanding loans thus guaranteed is EUR 43.4 billion.

As part of its securitisation activities on behalf of its clients or investors, Societe Generale grants two liquidity lines to ABCP (AssetBack Commercial Paper) conduits for a total amount for EUR 22.2 billion as of 31 December 2021.

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 5,796 million at 31 December 2021 (vs. EUR 5,302 million at 31 December 2020) and account for 8% of total shareholders' equity at 31 December 2021 (vs. 8% at 31 December 2020).

INFORMATION ON SHAREHOLDER'S EQUITY OF NON-CONTROLLING INTERESTS

<i>(In EURm)</i>	31.12.2021	31.12.2020
Capital and reserves*	5,043	4,601
Other equity instruments issued by subsidiaries (see Note 7.1)	800	800
Unrealised or deferred gains and losses	(47)	(99)
TOTAL*	5,796	5,302

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

The Non-controlling interests, of significant amount in terms of contribution to the total shareholders' equity in the Group's consolidated balance sheet, relate to:

- listed subsidiaries Komerčni Banka A.S, BRD – Groupe Societe Generale S.A and SG Marocaine de Banques;

- ALD S.A, whose data presented here correspond to those of the ALD group;
- Sogécap, fully owned, with the subordinated notes issued in December 2014.

31.12.2021					
<i>(In EURm)</i>	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%	187	1,864	(62)
BRD – GROUPE SOCIETE GENERALE S.A	60.17%	60.17%	98	762	(3)
GROUPE ALD	79.82%	79.82%	183	1,002	(57)
SG MAROCAINE DE BANQUES	57.65%	57.65%	31	499	(13)
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	165	840	(58)
TOTAL	-	-	697	5,796	(226)

31.12.2020					
<i>(In EURm)</i>	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%	117	1,614	-
BRD – GROUPE SOCIETE GENERALE S.A*	60.17%	60.17%	80	776	0
GROUPE ALD	79.82%	79.82%	111	873	(58)
SG MAROCAINE DE BANQUES	57.62%	57.62%	25	465	0
SOGÉCAP	100.00%	100.00%	33	829	(33)
Other entities	-	-	88	745	(33)
TOTAL*	-	-	454	5,302	(124)

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

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 intragroup operations.

31.12.2021				
<i>(In EURm)</i>	Net banking income	Net income	Net income and unrealised or deferred gains and losses	Total balance sheet
KOMERCNI BANKA A.S	1,173	494	815	49,158
BRD – GROUPE SOCIETE GENERALE S.A	600	247	(26)	13,539
GROUPE ALD	1,812	886	903	48,794
SG MAROCAINE DE BANQUES	438	79	119	9,820

31.12.2020				
<i>(In EURm)</i>	Net banking income	Net income	Net income and unrealised or deferred gains and losses*	Total balance sheet
KOMERCNI BANKA A.S	1,056	297	175	43,597
BRD – GROUPE SOCIETE GENERALE S.A	605	197	295	12,684
GROUPE ALD	1,491	696	617	46,546
SG MAROCAINE DE BANQUES	427	59	45	9,512

* Amounts restated compared to the financial statements published for 2020. The unrealised and deferred gains and losses have been corrected in order to reflect only the change over the period and not the balance at the end of the period.

NOTE 2.3.3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)**SUMMARISED FINANCIAL INFORMATION**

(In EURm)	Joint ventures		Associates		Total investments accounted for using the equity method	
	2021	2020	2021	2020	2021	2020
Group share:						
Net income	4	5	2	(2)	6	3
Unrealised or deferred gains and losses (net of tax)	-	-	-	-	-	-
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES	4	5	2	(2)	6	3

Commitments to related parties

As at 31 December 2021, 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).

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 policy holders;
- 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, etc.);

- credit enhancement (guarantees, subordinated instruments, credit derivatives, etc.);
- 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.

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

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

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

The Group may grant to these entities repayable advances related to the establishment of working capital, which remain insignificant.

However, this year, the Group has not provided any financial support to these entities, except if bound to by contract, and, as of 31 December 2021, does not intend to provide such support.

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

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

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 2,076 million and mainly concern Others (including Securitisation and Issuing vehicles).

NOTE 2.4.2 INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular via capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

As at 31 December 2021, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 3,517 million.

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

NOTE 3 FINANCIAL INSTRUMENTS



MAKING IT SIMPLE

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

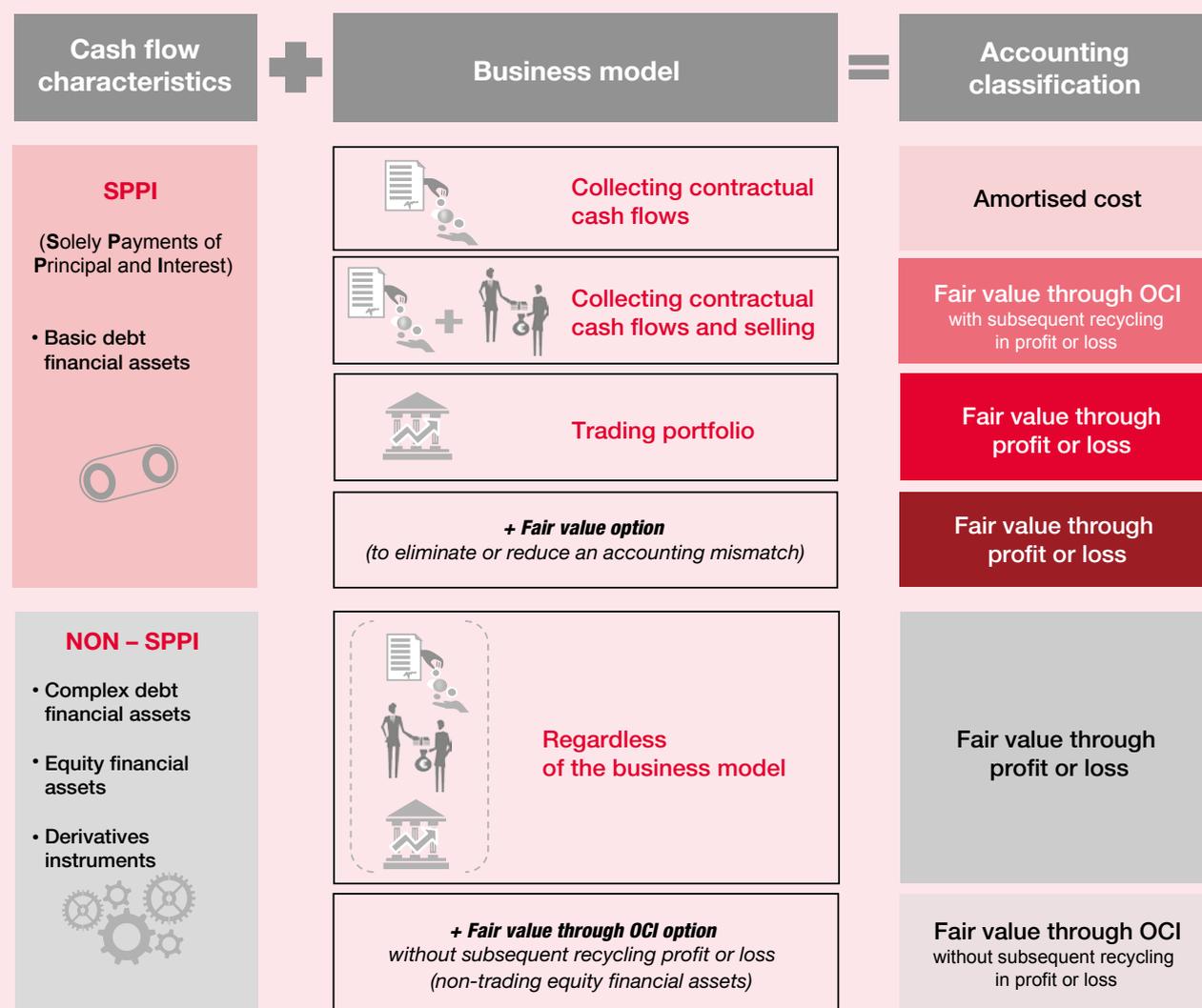
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

Classification of financial assets

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity’s business model for managing the assets.



The accounting principles for classifying the financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

ANALYSIS OF CONTRACTUAL CASH FLOW CHARACTERISTICS

The aim of the analysis of contractual cash flow characteristics is to limit the option of recognising revenues from financial assets using the effective interest method exclusively to the instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

The contractual inflows that represent Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision on a security-by-security basis, to classify and measure any equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends on these instruments will be recognised as income).

ANALYSIS OF THE BUSINESS MODEL

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's Management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows on financial assets and selling these financial assets ("Collect and Sell" business model), a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

FAIR VALUE OPTION

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of the related financial assets and liabilities (accounting mismatch).

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- financial liabilities at fair value through profit or loss: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- debts: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial assets and liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

Reclassifications of financial assets

Reclassifications of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

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 exchange 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, etc.).

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.



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

Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum.



Impact loans have been granted by the Group to support the enterprises' sustainability approach through an incentive mechanism that reviews the margin according to ESG criteria specific to the borrower or to the achievement by the latter of sustainable development goals (Sustainability-linked loans). An analysis of these loans has allowed them to qualify as basic financial assets (SPPI) provided that their flows meet the *de minimis* criterion as well as the other SPPI criteria.



Non-basic financial assets (non-SPPI) mainly include:

- derivative instruments;
- shares and other equity instruments held by the entity;
- equity instruments issued by mutual funds;
- debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.);
- structured instruments the flows of which are indexed in full or in part on an ESG market index.



When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a benchmark instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each

reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a “look-through approach” to identify the underlying instruments that are creating the cash flows.

The data presented in Note 3 exclude the financial instruments of insurance subsidiaries; the data for insurance subsidiaries are presented in Note 4.3.

The information on the types of risks, the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, are disclosed in Chapter 4 of the present Universal Registration Document (Risks and capital adequacy).

NOTE 3.1 Financial assets and liabilities at fair value through profit or loss

OVERVIEW

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

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

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

By default, derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value as at the closing date and recognised in the balance sheet under Financial assets or liabilities at fair value through profit or loss. The changes in fair value and revenues associated to those instruments are recorded in profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired for the purpose of selling or repurchasing it in the near term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.



Global market activities

The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.

It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.

Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see paragraph 3.1.2).

ASSETS

(In EURm)

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

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

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In EURm)

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

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

(1) See Note 3.2 Financial derivatives.

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.

<i>(In EURm)</i>	31.12.2021	31.12.2020
Bonds and other debt securities	193	190
Shares and other equity securities	2,769	2,561
Loans, receivables and securities purchased under resale agreements	18,394	20,879
TOTAL	21,356	23,630

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

<i>(In EURm)</i>	31.12.2021	31.12.2020
Short-term loans	1,257	1,997
Equipment loans	14,881	17,248
Other loans	2,256	1,634
TOTAL	18,394	20,879

The loans and receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss are mainly:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans that include indexation clauses that do not permit to recognise as basic loans (SPPI).

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

(1) Including, as at 31 December 2021, EUR 1,331 million of separate assets for defined post-employment benefits compared to EUR 1,150 million as at 31 December 2020 (see Note 5.2).

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale Group.

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

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

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

NOTE 3.1.4 NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(1) This item includes realised and unrealised gains and losses on debt and equity instruments, with the exception of the income component of debt instruments representative of an interest rate, which is recorded under net interest margin (see Note 3.7).

(2) This item includes only the net gain/loss on hedging transactions related to financial instruments. For the hedging transactions related to non-financial assets and liabilities, the net gain/loss on hedging transactions is included under the income statement of the hedged item.

(3) This item includes the revaluation of fair value hedged items, including the change in revaluation differences in portfolios hedged against interest rate risk.

Insofar as income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the

income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

NOTE 3.2 Financial derivatives**MAKING IT SIMPLE**

Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating, etc.), as are their forms (forward contracts, swaps, calls and puts, etc.).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to a change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives by default, unless they are designated as hedging instruments for accounting purposes.

Special case - derivatives having Societe Generale shares as their underlying instrument

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward purchases of Societe Generale shares, a debt is recognised for the value of the notional amount with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet under Financial assets or Financial liabilities at fair value through profit or loss under the aforementioned conditions. The host contract is classified under one of the financial liability categories measured at amortised cost.

NOTE 3.2.1 TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under Financial assets or liabilities at fair value through profit or loss. Changes in fair value are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss.

Changes in the fair value of financial derivatives involving counterparties that subsequently proved to be in default are recorded under Net gains and losses on financial instruments at fair value through profit or loss until the termination date of these instruments. On this termination date, the receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under Cost of risk in the income statement.

FAIR VALUE

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

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

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their

purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

COMMITMENTS (NOTIONAL AMOUNTS)

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

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

- regarding interest rate swaps, the creation of one or two additional interest rate swaps, called overlay swaps, intended to maintain the calculation of interest on the main interest rate swap, after their migration, on the basis of the historical benchmark index, until the first interest fixing date after the date of cessation of publication of the discontinued benchmark indices;

- regarding basis swaps, the creation of two interest rate swaps in opposite directions, the fixed-rate legs of which offset each other in order to simplify their migration operationally.

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

NOTE 3.2.2 HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments do not qualify for hedge accounting regardless of their accounting category.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments to be hedged.

To designate an instrument as a hedging derivative, the Group documents the hedging relationship in detail, from inception. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under Hedging derivatives.

Fair value hedges

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under Net gains and losses on financial instruments at fair value through profit or loss; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under Interest and similar income/Interest and similar expense – Hedging derivatives symmetrically to the accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for the gains and losses attributable to the hedged risk, which are reported in the income statement under Net gains and losses on financial instruments at fair value through profit or loss. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed *via* a sensitivity analysis based on probable market trends or *via* a regression analysis of the statistical relationship (correlation) between certain components of the hedged item and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

Cash flow hedges

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed interest rates, future exchange rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

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

The prospective effectiveness of the hedge is assessed *via* a sensitivity analysis based on probable market input trends or *via* a regression analysis of the statistical relationship (correlation) between certain components of the hedged item and the hedging instrument. The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in terms of notional amounts, date on which the rates are reset, interest rate, exchange rate, etc.), but moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

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

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. The amounts previously recognised directly in equity are reclassified in the income statement over the periods during which interest income is affected by the cash flows from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be highly probable, the unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

The purpose of a hedging of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The hedge of a net investment in a foreign operation follows the same accounting principles as the cashflow hedge relationships. Thus, the effective portion of the changes in fair value of a hedging derivative designated for accounting purposes as the hedge of a net investment is recognised in equity under Unrealised or deferred gains and losses, while the ineffective portion is recognised in the income statement.

Portfolio hedges (macro-hedge)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities.

In accounting for these transactions, are either documented as fair value hedges or as cash flow hedges, depending on the Group entities.

Group entities documenting a macro fair value hedge of fixed rate assets and liabilities portfolios, apply the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to the macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of the effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment of the financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments measured based on the modelled synthetic instrument are reported on a separate line in the balance sheet under Revaluation differences on portfolios hedged against interest rate risk through profit or loss.

Group entities documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

Finally, regardless of the documentation used for these macro-hedges, they require the implementation of three tests to measure the effectiveness of the relationship:

- a non-over-coverage test to ensure, prospectively and retrospectively, that the nominal amount of the portfolios covered is higher than the notional amount of the hedging instruments for each future maturity band and each rate generation;
- a test of non-disappearance of the hedged item, which consists in prospectively and retrospectively ensuring that the historically covered maximum position is less than the notional amount of the hedging instruments on the closing date considered for each future maturity band and each generation of rates;
- a quantitative test to retrospectively ensure that the fair value changes in the modelled synthetic instrument offset the changes in fair value of the hedging instruments.

The sources of ineffectiveness of the macro-hedges implemented in the Group result from the latest fixing of the variable leg of the hedging swaps, the two-curve valuation of the collateralised hedging instruments, the possible mismatches of interests between the hedged item and the hedging instrument and the consideration of counterparty risk on the hedging instruments.

TREATMENT OF THE CHANGES IN THE BASIS USED FOR DETERMINING THE CONTRACTUAL CASH FLOWS OF THE COMPONENTS OF A HEDGING RELATIONSHIP - IBOR REFORM**NON-DISCONTINUATION OF HEDGING RELATIONSHIPS**

The documentation of the existing hedging relationships shall be updated to reflect the changes brought about by the reform of the reference interest rate (IBOR reform) on the basis for determining the contractual cash flows of the hedged items and/or of the hedging instruments.

These updates resulting from the IBOR reform do not cause the discontinuation of the hedging relationship nor the designation of a new accounting hedge as long as they meet the following conditions:

- the change in the basis for determining the contractual cash flows is required and results directly from the IBOR reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the former basis used before the change.

When those conditions are met, the update of the hedging documentation only consist in:

- designate the alternative reference interest rate (contractually or non-contractually specified) as a hedged risk;
- update the description of the hedged item, including a description of the hedged portion of cash flows or of the fair value;
- update the description of the hedging instrument;
- update the description of the method used to assess the effectiveness of the hedge.

These updates are performed as and when changes are made to the hedged items or the hedging instruments; an accounting hedge may be updated several successive times.

Changes not directly resulting from the application of the IBOR reform and impacting the basis used for determining the contractual cash flows of the hedging relationship components or the hedging documentation are analysed beforehand in order to confirm compliance with the qualifying criteria for hedge accounting.

SPECIFIC ACCOUNTING TREATMENTS

Regarding fair value hedges and cash flow hedges, the applicable accounting requirements remain unchanged for the recognition of gains and losses resulting from the reassessment of the hedged component and the hedging instrument taking account of the changes described above.

For the purpose of the retrospective effectiveness assessment, the cumulative fair value changes may be reset to zero on a case by case basis for each hedging relationship modified.

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

An alternative reference interest rate used as a risk component not specified by an agreement (example, a 3-month alternative reference interest rate used to determine the fixed rate of a loan and for which the Group intends to hedge the changes in value) may be used, provided it is, as reasonably expected, separately identifiable (*i.e.*, quoted on a sufficiently liquid market) in the 24 months after its first use.

FAIR VALUE

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

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements and sets up hedging relationships recognised for accounting purposes as cash flow hedges.

Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

COMMITMENTS (NOTIONAL AMOUNTS)

(In EURm)	31.12.2021	31.12.2020
Interest rate instruments	981,765	970,144
Firm instruments	978,728	969,391
<i>Swaps</i>	696,716	779,359
<i>FRA</i> s	282,012	190,032
Options	3,037	753
Foreign exchange instruments	9,245	8,604
Firm instruments	9,245	8,604
Equity and index instruments	160	169
Firm instruments	160	169
TOTAL	991,170	978,917

IBOR REFORM

The notional amounts of the hedging instruments affected by the amendments to IAS 39, introduced in the context of the rate reform and aimed at not taking into account the uncertainties associated with the reform in order to meet certain criteria required in terms of hedge accounting, amounted to the following:

<i>(In EURm)</i>	31.12.2021	
	Fair value hedge	Cash flow hedge
Libor	24,206	2,598
<i>of which Libor USD</i>	23,960	2,598
<i>of which Libor GBP</i>	86	-
<i>of which Libor CHF</i>	160	-

USD Libor contracts which have a maturity date prior to 30 June 2023 amount to EUR 4,943 million.

MATURITIES OF HEDGING FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

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

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

FAIR VALUE HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2021		
	Carrying amount	Cumulative change in the fair value ⁽²⁾	Change in the fair value booked during the period ⁽²⁾
<i>(In EURm)</i>			
Hedge of interest rate risk	257,100	4,860	5,732
Hedged assets	68,184	1,431	(1,154)
<i>Due from banks, at amortised cost</i>	1,204	20	(22)
<i>Customer loans, at amortised cost</i>	7,096	227	(199)
<i>Securities at amortised cost</i>	1,547	(153)	(186)
<i>Financial assets at fair value through other comprehensive income</i>	29,893	1,207	(480)
<i>Customer loans (macro hedged)⁽¹⁾</i>	28,444	130	(267)
Hedged liabilities	188,916	3,429	6,886
<i>Debt securities issued</i>	46,226	130	1,148
<i>Due to banks</i>	13,511	104	339
<i>Customer deposits</i>	1,543	103	67
<i>Subordinated debts</i>	14,815	260	468
<i>Customer deposits (macro hedged)⁽¹⁾</i>	112,821	2,832	4,864
Hedge of currency risk	472	35	(1)
Hedged liabilities	472	35	(1)
<i>Subordinated debts</i>	472	35	(1)
Hedge of equity risk	1	-	1
Hedged liabilities	1	-	1
<i>Other liabilities</i>	1	-	1
TOTAL	257,573	4,895	5,732

	31.12.2020		
(In EURm)	Carrying amount	Cumulative change in the fair value ⁽²⁾	Change in the fair value booked during the period ⁽²⁾
Hedge of interest rate risk	253,429	13,542	(709)
Hedged assets	65,138	3,269	1,031
<i>Due from banks, at amortised cost</i>	1,455	41	12
<i>Customer loans, at amortised cost</i>	4,694	429	51
<i>Securities at amortised cost</i>	932	43	28
<i>Financial assets at fair value through other comprehensive income</i>	37,521	2,379	1,049
<i>Customer loans (macro hedged)⁽¹⁾</i>	20,536	377	(109)
Hedged liabilities	188,291	10,273	(1,740)
<i>Debt securities issued</i>	40,823	1,283	(354)
<i>Due to banks</i>	12,798	440	(131)
<i>Customer deposits</i>	1,615	169	26
<i>Subordinated debts</i>	14,933	684	(298)
<i>Customer deposits (macro hedged)⁽¹⁾</i>	118,122	7,697	(983)
Hedge of currency risk	393	31	(38)
Hedged liabilities	393	31	(38)
<i>Subordinated debts</i>	393	31	(38)
Hedge of equity risk	1	(0)	1
Hedged liabilities	1	(0)	1
<i>Other liabilities</i>	1	(0)	1
TOTAL	253,823	13,573	(746)

(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) 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 2021, EUR 79 million of cumulative changes in fair value are still to be amortised because of the disappearance of the hedged item. This amount is mainly related to interest rate risk hedging.

FAIR VALUE HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

31.12.2021

(In EURm)	Commitments (notional amounts)	Fair value ⁽²⁾		Change in fair value booked during the period	Ineffec- tiveness recognised during the period
		Asset	Liability		
Hedge of interest rate risk	251,936	12,786	10,140	(5,741)	(9)
Firm instruments – Swaps	248,899	12,785	10,103	(5,743)	(9)
For hedged assets	36,082	218	2,249	891	4
For hedged portfolios of assets (macro hedge) ⁽¹⁾	24,739	196	124	239	(26)
For hedged liabilities	77,735	1,726	598	(1,987)	35
For hedged portfolios of liabilities (macro hedge) ⁽¹⁾	110,343	10,645	7,132	(4,886)	(22)
Options	3,037	1	37	2	-
For hedged assets	-	-	-	-	-
For hedged portfolios of assets (macro hedge) ⁽¹⁾	3,037	1	37	2	-
Hedge of currency risk	463	36	30	1	-
Firm instruments	463	36	30	1	-
For hedged liabilities	463	36	30	1	-
Hedge of equity risk	3	-	-	(1)	-
Options	3	-	-	(1)	-
For hedged liabilities	3	-	-	(1)	-
TOTAL	252,402	12,822	10,170	(5,741)	(9)

31.12.2020

(In EURm)	Commitments (notional amounts)	Fair value ⁽²⁾		Change in fair value booked during the period	Ineffec- tiveness recognised during the period
		Asset	Liability		
Hedge of interest rate risk	241,509	19,854	12,198	801	92
Firm instruments – Swaps	240,756	19,854	12,198	799	92
For hedged assets	41,944	35	3,256	(1,150)	(10)
For hedged portfolios of assets (macro hedge) ⁽¹⁾	17,614	290	563	120	13
For hedged liabilities	67,933	3,004	149	795	38
For hedged portfolios of liabilities (macro hedge) ⁽¹⁾	113,265	16,525	8,230	1,034	51
Options	753	0	-	2	0
For hedged portfolios of assets (macro hedge) ⁽¹⁾	753	0	-	2	-
Hedge of currency risk	384	32	0	38	-
Firm instruments	384	32	0	38	-
For hedged liabilities	384	32	0	38	-
Hedge of equity risk	2	-	1	(1)	0
Options	2	-	1	(1)	0
For hedged liabilities	2	-	1	(1)	0
TOTAL	241,895	19,886	12,199	838	92

(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.

<i>(In EURm)</i>	31.12.2021	31.12.2020
	Change in the fair value	Change in the fair value
Hedge of interest rate risk	69	(206)
Hedged assets	(9)	(13)
<i>Financial assets at fair value through other comprehensive income</i>	4	(3)
<i>Customer loans (macro hedged)</i>	(13)	(10)
Hedged liabilities	78	(193)
<i>Debt securities issued</i>	(6)	1
<i>Due to banks</i>	(60)	(11)
<i>Customer deposits (macro hedged)</i>	144	(183)
Hedge of currency risk	(27)	6
Hedged liabilities	(19)	(3)
<i>Subordinated debts</i>	(19)	(3)
Forecast transactions	(8)	9
Hedge of equity risk	(69)	40
Forecast transactions	(69)	40
TOTAL	(27)	(160)

CASH FLOW HEDGE: BREAKDOWN OF HEDGING INSTRUMENTS

	31.12.2021					
	Commitments (notional amounts)	Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
<i>(In EUR m)</i>						
Hedge of interest rate risk	11,557	253	26	(68)	-	187
Firm instruments – Swaps	11,545	253	26	(68)	-	187
<i>For hedged assets</i>	176	1	-	(3)	-	-
<i>For hedged portfolios of assets (macro hedge)⁽¹⁾</i>	1,169	1	11	13	-	(5)
<i>For hedged liabilities</i>	5,982	115	3	66	-	68
<i>For hedged portfolios of liabilities (macro hedge)⁽¹⁾</i>	4,218	136	12	(144)	-	124
Firm instruments – FRAs	12	-	-	-	-	-
<i>For hedged liabilities</i>	12	-	-	-	-	-
Hedge of currency risk	2,148	33	34	23	5	16
Firm instruments	2,148	33	34	23	5	16
<i>For hedged assets</i>	-	-	-	-	-	-
<i>For hedged liabilities</i>	1,465	25	30	19	-	18
<i>For hedged future transactions</i>	683	8	4	4	5	(2)
Non-derivative financial instruments	-	-	-	-	-	-
<i>For hedged future transactions</i>	-	-	-	-	-	-
Hedge of equity risk	157	35	2	69	9	7
Options	157	35	2	69	9	7
<i>For hedged future transactions</i>	157	35	2	69	9	7
TOTAL	13,862	321	62	24	14	210

(1) For the macro hedge transactions, the commitment described above equals the net hedging derivatives position in order to represent the economic exposure from these instruments.

	31.12.2020					
	Commitments (notional amounts)	Fair value		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains and losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
(In EUR m)						
Hedge of interest rate risk	11,329	288	58	203	(1)	213
Firm instruments – Swaps	11,297	288	58	203	(1)	213
For hedged assets	1,711	0	9	3	(1)	(8)
For hedged portfolios of assets (macro hedge) ⁽¹⁾	2,175	1	26	11	(0)	(18)
For hedged liabilities	3,682	25	16	7	(0)	(14)
For hedged portfolios of liabilities (macro hedge) ⁽¹⁾	3,729	262	7	182	-	253
Firm instruments – FRAs	32	-	-	0	0	0
For hedged liabilities	32	-	-	0	0	0
Hedge of currency risk	1,661	10	34	(6)	1	(13)
Firm instruments	1,661	9	33	(6)	1	(13)
For hedged assets	652	7	21	-	-	-
For hedged liabilities	246	1	4	3	0	(1)
For hedged future transactions	763	1	8	(9)	1	(12)
Non-derivative financial instruments	-	1	1	(0)	-	(0)
For hedged future transactions	-	1	1	(0)	-	(0)
Hedge of equity risk	167	-	71	(36)	(4)	(15)
Options	167	-	71	(36)	(4)	(15)
For hedged future transactions	167	-	71	(36)	(4)	(15)
TOTAL	13,157	298	163	161	(4)	185

(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.

In 2021, EUR 43 million of unrealised or deferred gains and losses were transferred to net income, following the accounting of hedged the cash flows in the income statement.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGED ITEMS

	31.12.2021		31.12.2020
	Change in the fair value of the hedged item during the period ⁽¹⁾	Cumulative translations differences related to the hedged items	
(In EURm)			
Hedge of currency risk	(518)	671	2,029
Hedged net investment in GBP	(220)	85	484
Hedged net investment in CZK	(122)	(295)	(115)
Hedged net investment in RUB	(77)	882	1,288
Hedged net investment in RON	17	38	36
Hedged net investment in USD	(32)	(72)	40
Hedged net investment (other currencies)	(84)	33	296

(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.

NET INVESTMENT HEDGE: BREAKDOWN OF HEDGE INSTRUMENTS

31.12.2021						
(In EURm)	Commitments (notional amounts)	Carrying amount ⁽¹⁾		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains or losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
Hedge of currency risk	6,898	105	2,375	519	71	(672)
Firm instruments	6,898	105	193	282	71	219
Hedged net investment in GBP	1,358	11	39	86	22	179
Hedged net investment in CZK	1,420	6	51	76	11	83
Hedged net investment in RUB	909	19	28	55	33	(44)
Hedged net investment in RON	1,028	11	-	(17)	10	(24)
Hedged net investment in USD	(1)	15	20	16	7	25
Hedged net investment (other currencies)	2,184	43	55	66	(12)	-
Non derivatives instruments	-	-	2,182	237	-	(891)
Hedged net investment in GBP	-	-	484	134	-	(264)
Hedged net investment in CZK	-	-	869	46	-	213
Hedged net investment in RUB	-	-	325	22	-	(838)
Hedged net investment in RON	-	-	42	(1)	-	(14)
Hedged net investment in USD	-	-	203	16	-	46
Hedged net investment (other currencies)	-	-	259	20	-	(34)

31.12.2020						
(In EURm)	Commitments (notional amounts)	Carrying amount ⁽¹⁾		Changes in fair value recorded during the period		Cumulative change in fair value recorded in unrealised or deferred gains or losses
		Asset	Liability	Portion booked in unrealised or deferred gains and losses	Ineffectiveness recorded in the profit or loss	
Hedge of currency risk	7,129	387	2,204	(843)	1	(2,029)
Firm instruments	7,129	387	137	(571)	1	(634)
Hedged net investment in GBP	1,373	29	18	(70)	(13)	23
Hedged net investment in CZK	1,297	14	30	(31)	2	(25)
Hedged net investment in RUB	870	145	10	(237)	11	(336)
Hedged net investment in RON	933	6	5	(15)	(8)	(23)
Hedged net investment in USD	396	98	43	(63)	1	(53)
Hedged net investment (other currencies)	2,260	95	31	(155)	8	(220)
Non derivatives instruments	-	-	2,067	(272)	-	(1,395)
Hedged net investment in GBP	-	-	453	(109)	-	(507)
Hedged net investment in CZK	-	-	823	(27)	-	140
Hedged net investment in RUB	-	-	303	(93)	-	(953)
Hedged net investment in RON	-	-	43	(1)	-	(14)
Hedged net investment in USD	-	-	187	(17)	-	14
Hedged net investment (other currencies)	-	-	258	(25)	-	(75)

(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.

NOTE 3.3 Financial assets at fair value through other comprehensive income**OVERVIEW**

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

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.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under Interest and similar income.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded in equity under Unrealised or deferred gains and losses, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, the changes in expected credit losses are recorded in profit or loss under Cost of risk with a corresponding entry under Unrealised or deferred gains and losses. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL “HOLD TO COLLECT AND SELL”

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business' objectives.

**Cash management**

Within the Group, except for the insurance activities, the “hold to collect and sell” business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a “hold to collect” business model for managing their HQLA securities.

CHANGES OF THE PERIOD*(In EURm)*

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

CUMULATIVE UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY*(In EURm)*

	31.12.2021	31.12.2020
Unrealised gains	334	714
Unrealised losses	(200)	(262)
TOTAL	134	452

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

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 Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

NOTE 3.4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In EURm)	31.12.2021				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio (excluding derivatives)	119,240	95,485	4,709	219,434	109,734	138,699	4,369	252,802
Bonds and other debt securities	19,516	2,584	380	22,480	26,420	3,108	794	30,322
Shares and other equity securities	99,721	9,137	-	108,858	83,314	9,465	1	92,780
Securities purchased under resale agreements	-	77,080	4,202	81,282	-	116,009	3,235	119,244
Loans, receivables and other trading assets	3	6,684	127	6,814	-	10,117	339	10,456
Trading derivatives*	371	96,018	3,966	100,355	49	129,875	4,070	133,994
Interest rate instruments*	17	53,860	2,683	56,560	4	79,647	2,680	82,331
Foreign exchange instruments	354	17,817	233	18,404	38	18,484	176	18,698
Equity and index instruments	-	23,613	573	24,186	-	30,730	494	31,224
Commodity instruments	-	276	3	279	-	410	3	413
Credit derivatives	-	447	474	921	-	580	717	1,297
Other forward financial instruments	-	5	-	5	7	24	-	31
Financial assets measured mandatorily at fair value through profit or loss	169	16,727	4,460	21,356	183	19,517	3,930	23,630
Bonds and other debt securities	16	45	132	193	18	43	129	190
Shares and other equity securities	153	368	2,248	2,769	165	359	2,037	2,561
Loans, receivables and securities purchased under resale agreements	-	16,314	2,080	18,394	-	19,115	1,764	20,879
Financial assets measured using fair value option through profit or loss	-	1,565	4	1,569	13	1,461	16	1,490
Bonds and other debt securities	-	-	4	4	13	-	16	29
Loans, receivables and securities purchased under resale agreements	-	58	-	58	-	158	-	158
Separate assets for employee benefit plans	-	1,507	-	1,507	-	1,303	-	1,303
Hedging derivatives	-	13,239	-	13,239	-	20,667	-	20,667
Interest rate instruments	-	13,039	-	13,039	-	20,238	-	20,238
Foreign exchange instruments	-	165	-	165	-	429	-	429
Equity and index instruments	-	35	-	35	-	-	-	-
Financial assets measured at fair value through other comprehensive income	42,798	380	272	43,450	51,090	708	262	52,060
Bonds and other debt securities	42,798	281	2	43,081	51,090	628	3	51,721
Shares and other equity securities	-	-	270	270	-	-	259	259
Loans and receivables	-	99	-	99	-	80	-	80
TOTAL*	162,578	223,414	13,411	399,403	161,069	310,927	12,647	484,643

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

NOTE 3.4.2 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

NOTE 3.4.3 VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

<i>(In EURm)</i>	Balance as at 31.12.2020	Acqui- sitions	Disposals/ redem- ptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 31.12.2021
Trading portfolio (excluding derivatives)	4,369	4,337	(2,776)	(985)	-	(368)	159	(27)	4,709
Bonds and other debt securities	794	1,282	(1,603)	(33)	-	(90)	34	(4)	380
Shares and other equity securities	1	-	(1)	-	-	-	-	-	-
Securities purchased under resale agreements	3,235	3,047	(978)	(952)	-	(278)	120	8	4,202
Loans, receivables and other trading assets	339	8	(194)	-	-	-	5	(31)	127
Trading derivatives	4,070	485	(68)	(168)	164	(699)	182	-	3,966
Interest rate instruments	2,680	-	-	(123)	118	(100)	108	-	2,683
Foreign exchange instruments	176	2	-	-	6	38	11	-	233
Equity and index instruments	494	483	(68)	(2)	4	(375)	37	-	573
Commodity instruments	3	-	-	-	-	-	-	-	3
Credit derivatives	717	-	-	(43)	36	(262)	26	-	474
Financial assets measured mandatorily at fair value through profit or loss	3,930	895	(313)	(6)	10	(197)	164	(23)	4,460
Bonds and other debt securities	129	23	(18)	-	10	(12)	-	-	132
Shares and other equity securities	2,037	99	(42)	(6)	-	88	96	(24)	2,248
Loans, receivables and securities purchased under resale agreements	1,764	773	(253)	-	-	(273)	68	1	2,080
Financial assets measured using fair value option through profit or loss	16	8	-	-	-	(20)	-	-	4
Bonds and other debt securities	16	8	-	-	-	(20)	-	-	4
Financial assets measured at fair value option through other comprehensive income	262	-	(1)	-	-	11	-	-	272
Debt instruments	3	-	(1)	-	-	-	-	-	2
Equity instruments	259	-	-	-	-	11	-	-	270
TOTAL	12,647	5,725	(3,158)	(1,159)	174	(1,273)	505	(50)	13,411

FINANCIAL LIABILITIES

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

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 closing date, in order to incorporate the events that have an impact on prices and occurred after the closing of the stock markets but before the measurement date or in case of an inactive market.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions at the balance sheet date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the inputs used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Market Activities, in accordance with the methodologies defined by the Market Risk Department.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads and liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

The CVA is determined based on the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data. Since 2021, a framework has been set up to identify the new transactions for which CVA/DVA adjustments are significant. These transactions are then classified in Level 3.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA – Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and/or backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.);
- proportion of net asset value held.

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

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES INSTRUMENTS

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

NOTE 3.4.5 ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

(In EURm)

Cash instruments and derivatives	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs	
				min.	max.
Equities/funds	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	3.0%	84.8%
			Equity dividends	0.0%	15.8%
			Correlations	-100.0%	100.0%
			Hedge fund volatilities	7.1%	20.0%
			Mutual fund volatilities	1.7%	26.1%
Interest rates and Forex	Hybrid forex/interest rate or credit/interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-33.6%	90.0%
	Forex derivatives	Forex option pricing models	Forex volatilities	0.0%	45.5%
	Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0.0%	20.0%
	Inflation instruments and derivatives	Inflation pricing models	Correlations	55.0%	88.9%
Credit	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0.0%	100.0%
			Recovery rate variance for single name underlyings	0.0%	100.0%
			Time to default correlations	0.0%	100.0%
	Other credit derivatives	Credit default models	Quanto correlations	-50.0%	40.0%
			Credit spreads	0 bps	1,000 bps
Commodities	Derivatives on commodities baskets	Option models on commodities	Commodities Correlations	NA	NA
Long term equity investments	Securities held for strategic purposes	Net Book Value/Recent transactions	Not applicable	-	-

The table below shows the valuation of cash and derivative instruments on the balance sheet. When it comes to hybrid instruments, they are broken down according to the main unobservable inputs.

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

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 2021 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a “standardised” variation in unobservable inputs, calculated for each input on a net position, or on

assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The “standardised” variation corresponds to the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable. In cases of unavailability of these data, the standard deviation of historical data is then used to assess the input.

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

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

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above

illustrate the uncertainty of the valuation as at the computation date based on a standardised variation in inputs. Future variations in fair value cannot be deduced or forecast from these estimates.

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.

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

NOTE 3.5 Loans, receivables and securities at amortised cost**OVERVIEW**

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

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a “Hold to Collect” business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income are recorded in profit or loss under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in the expected credit losses are recorded in profit or loss under “Cost of risk” with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), the subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to the interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, while the borrowing customer is not experiencing any financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised as at the renegotiation date, and the new loans contracted under the renegotiated terms and conditions replace the previous loans in the balance sheet as at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as a basic instrument (SPPI), the renegotiation fees received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group’s net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor’s investment in the finance lease, the present value of this reduction is recognised as a loss under Expenses from other activities in the income statement and as a reduction of the finance lease receivables on the asset side of the balance sheet.

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

(1) As at 31 December 2021, the amount due from banks classified as Stage 3 impairment (credit impaired) is EUR 46 million compared to EUR 58 million at 31 December 2020. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

NOTE 3.5.2 CUSTOMER LOANS

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

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

BREAKDOWN OF OTHER CUSTOMER LOANS

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

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

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

NOTE 3.5.3 SECURITIES

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

NOTE 3.6 Debts**ACCOUNTING PRINCIPLES**

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

They are recognised in the balance sheet, depending on the type of instrument and counterparty, under Due to banks, Customer deposits, Debt securities issued or Subordinated debt.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, *i.e.* at the fair value of the amount borrowed net of transaction fees. These liabilities are measured as at the reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under Interest and similar expense.

The Group's obligations arising from mortgage savings accounts and plans are recorded under Customer deposits – Regulated savings accounts. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

NOTE 3.6.1 DUE TO BANKS

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

(1) Including term-deposits linked to governments and central administrations, and in particular long-term refinancing operations set up by the ECB (Targeted Longer-Term Refinancing Operations – TLTRO).

TLTRO

The European Central Bank (ECB) launched in 2019 a third series of Targeted Longer-Term Refinancing Operations (TLTRO) with the aim of maintaining favourable credit conditions in the euro area. As in the two previous systems, the level of remuneration of the borrowings depends on the performance of the borrowing banking institutions in terms of loans granted to their household customers (excluding real estate loans) and business customers (excluding financial institutions); depending on these performances, the borrowing institutions may benefit from a reduced interest rate and an additional temporary bonus applicable from 24 June 2020 to 23 June 2021 (reduction by 50 basis points of the average rate of the deposit facility with a floor rate set at -1%). These TLTRO III operations are conducted on a quarterly basis between September 2019 and December 2021, for a possible total of 10 drawdowns. Each such operation has a three-year maturity and includes an early repayment option. Some terms and conditions were modified in March 2020, in particular the loan production objectives, rate conditions and drawdown limit, in order to further support the granting of loans at the outset of the Covid-19 crisis. In January 2021, the ECB decided to extend the temporary additional bonification over the period from 24 June 2021 to 23 June 2022 subject to performance in terms of number of granted loans observed over a new reference period from 1 October 2020 to 31 December 2021.

The entities of the Societe Generale Group have subscribed to TLTRO III loans through quarterly drawings staggered between December 2019 and December 2021. As at 31 December 2021, the total outstanding amount drawn is EUR 71.9 billion.

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

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

As early as the end of September 2021, the Group had the reasonable assurance that it would reach its objective of stability of the outstanding amount of eligible loans between 1 October 2020 and 31 December 2021, which was confirmed at the end of the year, allowing it to benefit from a reduced interest rate as well as from additional temporary bonuses applied between 24 June 2021 and 23 June 2022. The weighted average rate of the TLTRO borrowings has thus been adjusted as early as September to -0.63% and -0.83% depending on the drawdown dates. The retroactive impact of this

adjustment has generated a EUR 0.1 billion income included in the total amount of negative interest on the TLTRO borrowing recorded in 2021 under Interest and Similar income for EUR 0.6 billion (around EUR 0.2 billion in 2020).

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

NOTE 3.6.2 CUSTOMER DEPOSITS

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

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

<i>(In EURm)</i>	31.12.2021	31.12.2020
Professionals and corporates	149,089	124,987
Individual customers	90,590	84,364
Financial customers	51,306	43,558
Others ⁽¹⁾	17,106	15,647
TOTAL	308,091	268,556

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

NOTE 3.6.3 DEBT SECURITIES ISSUED

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

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, etc.).

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

(1) Negative interest on TLTRO borrowings is recorded as income from Loans/borrowings from credit institutions (see. Note 3.6).

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are

classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

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

NOTE 3.8 Impairment and provisions**MAKING IT SIMPLE**

Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To compensate for this risk, the Bank receives a portion of the contractual interest on those assets, called credit margin, compensates it.

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

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

Potential losses recognised in the income statement represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk.

For financial assets measured at fair value through profit or loss (including instruments held by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participants, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

Recognition of expected credit losses

Debt instruments (loans, debt securities and bonds and similar) classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, operating lease receivables, customer receivables and income to be received included amongst Other assets, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

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 ▶ <i>Maintained if the credit risk has not increased significantly</i>	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 impairments or provisions are adjusted accordingly. Furthermore, the Group does not apply the exemption for low credit risk; it thus carries out an assessment of a significant increase in credit risk for all loans.

CRITERIA 1: THE CLASSIFICATION OF THE COUNTERPARTY IN "SENSITIVE"

To determine the classification of the counterparty as "sensitive" (notion of watch list), the Group analyses:

- the counterparty's credit rating (where it is the subject of an internal analysis); and
- the changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty which may also be indicative of a deterioration in credit risk "au lieu de" that may be a sign of deteriorating credit risk.

If, after a review, a counterparty is deemed "sensitive" (notion of watch list), all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the credit quality at the time of granting of each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses.

Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

CRITERIA 2: THE MAGNITUDE OF THE CHANGE IN A COUNTERPARTY'S CREDIT RATING SINCE THE INITIAL RECOGNITION

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). These thresholds may be expressed as an absolute or relative increase in the probability of default. For example, the threshold is set at +50 bp for sovereign debt, +100 bp for the Very Large Enterprises (turnover exceeding EUR 500 million), +200 bp for SME and +10 bp for the French mortgages of the Societe Generale retail network.

In addition and in line with the recommendations issued by the EBA and the ECB, loans for which the probability of default has been multiplied by three between the date of first recognition and the balance sheet date are transferred to Stage 2.

CRITERIA 3: THE EXISTENCE OF PAYMENTS MORE THAN 30 DAYS PAST DUE

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

The three criteria are symmetrical: thus, a removal from the watch list of sensitive counterparties, a sufficient improvement in the debtor's credit rating or a settlement of payments more than 30 days overdue results in a return to Stage 1, without any probation period in Stage 2.

PARTICULAR CASE OF EXPOSURES WITHOUT CREDIT RATING

For exposures to counterparties for which no credit rating is available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioural score or the existence of payments more than 30 days past due for retail customers;
- the placement on the watch list or the existence of payments more than 30 days past due for Corporate.

Exposures classified in Stage 3

To identify Stage 3 exposures (doubtful exposures), the Group has been applying to most of its entities, since July 2020, the new definition of default as detailed in the guidelines published by the European Banking Authority (EBA). This definition leads to applying the following criteria to classify exposures as Stage 3:

- one or more unpaid payments of over 100 euros for Retail (500 euros for Non-retail) during 90 consecutive days, representing at least 1% of the total exposure of the customer. This unpaid amount may or may not be accompanied by a recovery procedure (except for restructured loans classified into Stage 1 or 2 which are retransferred into Stage 3 from the first amount unpaid after 30 days during the two-year probation period). In addition, only missed payments related to business litigations, specific contractual features or IT failures may avoid automatic transfer into Stage 3 after 90 days;
- identification of other criteria that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:
 - a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group,
 - the granting of concessions to the clauses of the loan agreement, which would not have been granted if the counterparty wasn't experiencing financial difficulties (restructured loans) and which result in a decrease in the present value of the loan cash flows of more than 1% of its initial value,
 - the existence of litigious proceedings (*ad hoc* mandate, bankruptcy protection, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the Group's exposures.

The classification in Stage 3 is kept during the 3-month probation period after the disappearance of all default indicators described above. The probation period in Stage 3 is extended to one year for the restructured loans that have been transferred in Stage 3.

In the case of a return to Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred to Stage 1. This probation period in Stage 2 is from 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 (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criteria and as a consequence their effects cannot be taken into account in the calculation of impairment (example: financial guarantee aimed at compensating the first losses suffered on a given portfolio of loans), a separate asset is recorded in the balance sheet under "Other Assets". The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under "Cost of risk".

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in the income statement under "Cost of risk".

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macro-economic factors are determined by an expert.

Restructured loans

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuring loss. This discount is equal to the difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to Cost of risk in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuring.

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 restructuring, loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Given the new contractual terms arising from the restructuring where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new loans are then classified as Financial assets measured at fair value through profit or loss.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

SPECIFIC TREATMENT RELATED TO THE REPLACEMENT OF A REFERENCE INTEREST RATE BY AN ALTERNATIVE REFERENCE INTEREST RATE (POSSIBLY INCLUDING A FINANCIAL COMPENSATION) – IBOR REFORM

The methodology for calculating impairments and provisions for expected credit losses in Stage 1 and Stage 2 was developed in the Basel framework used which was used as a basis for choosing the methods for assessing the calculation parameters (probability of default and loss rate for outstanding loans under the Basel advanced approaches – IRBA and IRBF – and provisioning rate for outstanding loans under the standardised approach).

The Group portfolios have been segmented to ensure homogeneous risk characteristics and better correlation with macroeconomic variables, both local and global. This segmentation makes it possible to address all the Group's specificities. It is consistent with or similar to the one defined in the Basel framework to ensure the uniqueness of the historical records of losses and defaults.

The variables used in the expected credit loss assessment models are presented in Chapter 4.5.4 of the present Universal Registration Document.

Expected losses are assessed based on the above-mentioned parameters, supplemented with in-house analyses of each counterparty's credit quality, performed either individually or statistically.

COVID-19 CRISIS

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

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

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

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

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

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

GDP adjustment

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

Furthermore, the authorities have adopted financial support measures for households and businesses to help them cope with the sudden deterioration in activity. Therefore, it seems likely that a time-lag will appear between the deterioration in the portfolios' credit quality and that of activity, the first being delayed with respect to the second.

In order to account for this time-lag, the Group revised its models in 2020, using for each quarter between 2020 and 2022 an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has not been used to determine the GDP rates for 2023 to 2025.

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

- for each quarter of 2021 and 2022, the Group used in its models an average of the changes in GDP over the last eight quarters compared to a base of 100 in 2019. This adjustment has been applied to each of the four scenarios (SG Favourable, SG Central, SG Extended and SG Stress) for the GDP series used in the modelling of expected credit losses (see paragraph 6 in Note 1).

The data displayed for 2021 and 2022 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios, adjusted as described above;

- the data displayed for the years 2023 to 2025 in the table below correspond to the weighted average of the GDP growth rates of the four scenarios.

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

Adjustment of the margin rate of French companies

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

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

Impact of the model adjustments as at 31 December 2021

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

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

ADJUSTMENTS SUPPLEMENTING THE APPLICATION OF MODELS

Sectoral adjustments

The Group can supplement the models with two types of sectoral adjustments: the first relates to the possible revision of the expected credit loss estimates (with no impact on the classification of loans) of some sectors; the second, implemented since 2020, supplements the analysis of the increase in credit risk and may lead to additional transfers in Stage 2.

Estimate of the expected credit losses

The different models used to estimate the expected credit losses may be supplemented by sectoral adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors that have been subject to peaks in default in the past or that are particularly vulnerable to the current crisis and the Group exposure of which exceeds a threshold reviewed and fixed yearly by the Risk Division.

These sectoral adjustments are reviewed and updated on a quarterly basis by the Risk Division and approved by General Management according to the materiality threshold.

The main sectors concerned are the hotel/restaurant/leisure sectors, as well as the oil and gas, commercial real-estate, cruise operators and airline sectors.



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

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

ADDITIONAL CRITERION OF TRANSFER TO STAGE 2

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

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

Other adjustments

Adjustments based on expert opinion have also been made to reflect the heightened credit risk on some portfolios, when this heightened risk has not been detectable through a line-by-line analysis of the loans outstanding:

- for the scope of entities lacking developed models for estimating the correlations between the macroeconomic variables and the probability of default; and
- for the scopes on which models are developed and when these models cannot reflect future risk not observed in historical records.

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

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

The support measures granted (and their actual or upcoming withdrawal) are included in the macro-economic scenarios described

in Note 1 and are thus taken into account in the holistic customer analysis in order to assess the significant increase in credit risk (Criteria 1 and 2 presented in the Accounting principles in Note 3.8). The phasing out of the support measures is also taken into consideration through the additional criterion for transfer to Stage 2 (aforementioned) for the total outstanding loans, granted before the crisis, to the sectors considered by the Group as particularly affected by the crisis.

Thus, despite the absence of actual defaults in a context where most support measures have now come to an end, the Group maintain a conservative provisioning policy in an uncertain environment; in particular in France, with the start of PGE repayments for customers having benefited from a two-year repayment exemption.

NOTE 3.8.1 OVERVIEW

The tables of this note do not lay out the IAS 39 impairment related to financial instruments of insurance subsidiaries. This impairment is presented in the Note 4.3.

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

- booked on the balance sheet:
 - securities (excluding securities received under repurchase agreements) and loans and advances to customers and credit institutions and similar measured at amortised cost or at fair value through equity,
 - deposits with central banks,

- operating and finance lease,
- collateral deposits with the CCPs;
- booked off-balance sheet (financing and guarantee commitments).

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

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

(In EURm)		31.12.2021	31.12.2020*
Debt instruments at fair value through other comprehensive income	Note 3.3	43,180	51,801
Securities at amortised cost	Note 3.5	19,371	15,635
Due from banks at amortised cost	Note 3.5	55,972	53,380
Due from central banks ⁽¹⁾		177,510	165,837
Customer loans at amortised cost	Note 3.5	497,164	448,761
Other assets ⁽²⁾		80,744	53,930
NET VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		873,941	789,344
Impairment of loans at amortised cost	Note 3.8	11,357	11,962
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS (BALANCE SHEET)		885,298	801,306
Additional items included in the scope of outstanding amounts for which provisions can be booked:			
<i>Financing and guarantee commitments (off-balance sheet)</i>		269,730	237,521
<i>Financing and guarantee commitments (off-balance sheet)</i>		269,730	237,521
Items excluded from the scope of outstanding amounts for which provisions can be booked		(35,139)	(38,141)
GROSS VALUE OF ACCOUNTING OUTSTANDING AMOUNTS AFTER RETREATMENTS		1,119,889	1,000,686
GROSS VALUE OF OUTSTANDING AMOUNTS FOR WHICH PROVISIONS CAN BE BOOKED		1,119,889	1,000,686

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

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

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

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

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

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

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

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

(In EURm)	31.12.2021							
	Outstanding amounts				Impairment and Provisions			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	237,733	665	106	238,504	5	4	67	76
Institutions	146,315	794	71	147,180	11	23	12	46
Corporates	406,364	29,825	9,874	446,063	713	1,289	4,771	6,773
SME	51,823	7,589	4,122	63,534	215	464	2,166	2,845
Retail	213,585	22,162	7,665	243,412	587	663	4,040	5,290
VSB	25,828	4,913	2,322	33,063	131	236	1,375	1,742
Others	43,311	1,306	113	44,730	50	9	9	68
TOTAL	1,047,308	54,752	17,829	1,119,889	1,366	1,988	8,899	12,253

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

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

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

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

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

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

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

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

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

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

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

NOTE 3.8.2 IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN

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

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

Due to lack of significant variations of depreciations on financial assets measured at fair value through other comprehensive income, this information is not presented in the table below.

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

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

(2) Including repayments, disposals and debt waivers.

(3) Amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

BREAKDOWN OF TRANSFERS BETWEEN STAGES FOR FINANCIAL ASSETS AT AMORTISED COST AS AT 31 DECEMBER 2021

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

NOTE 3.8.3 CREDIT RISK PROVISIONS
BREAKDOWN

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

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

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

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

(2) Including repayments, disposals and debt waivers.

(3) Amounts presented in transfers include variations due to amortisation. Transfers to Stage 3 correspond to outstanding amounts initially classified as Stage 1 which, during the period, were downgraded directly to Stage 3, or to Stage 2 and later to Stage 3.

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

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

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

NOTE 3.8.4 QUALITATIVE INFORMATION OF CHANGES IN IMPAIRMENT/PROVISIONS ON CREDIT RISK

The variation of EUR -645 million in credit risk impairment and provisions since 31 December 2020 is mainly linked to:

- covered losses on Stage 3 loans (EUR 1,402 million) included in the line derecognition. On 31 December 2020, covered losses on Stage 3 loans amounted to EUR 1,676 million. This is in line with the Group strategy of non-performing loans (NPL) monitoring, by selling its portfolios of exposures in default situation uncovered losses amount to EUR 193 million;
- transfer of loans to Stage 2 due to downgraded ratings, transfer to watch list and 30 days overdue for EUR 16.7 billion. This transfer was linked to the economic environment affected by the Covid-19 crisis and resulted in an increase in impairment and provisions of EUR 378 million mainly including:
 - 62% on Corporates portfolio, including 46% on SME,
 - 37% on Retail portfolio, including 34% on VSB;

- transfer of loans to Stage 3 due to default for EUR 3.3 billion (EUR 4.9 billion at 31 December 2020) of outstanding amounts. This transfer resulted in an increase in impairment and provisions of EUR 533 million mainly including:

- 45% on Corporates portfolio, including 50% on SME,
- 53% on Retail portfolio, including 36% on VSB;

Particularly, this variation concerns:

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

NOTE 3.8.5 COST OF RISK**ACCOUNTING PRINCIPLES**

Cost of risk only includes net reversals of impairments and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in Cost of risk when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly if the latter's fortune improve. In case of recoveries on an exposure previously written-off, such recoveries are recognised as Amounts recovered on irrecoverables loans on the year of collection.

The decrease in the cost of risk results from:

- for the outstanding loans classified in Stage 3, by the low level of default; and
- for the outstanding loans classified in Stage 1 et 2, by the impacts of the scenarios and weights (see Note 1) used to determine the expected credit losses combined with the methodological adjustments (described above), in particular by the possible time lag

between the deterioration of the quality of the credit portfolios and the deterioration in activity, the first one being delayed with respect to the second one.

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

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

NOTE 3.9 Fair value of financial instruments measured at amortised cost

ACCOUNTING PRINCIPLES

Definition of fair value

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

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

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair value of financial instruments includes accrued interest if applicable.

NOTE 3.9.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST

31.12.2021					
<i>(In EURm)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	55,972	55,971	-	39,759	16,212
Customer loans	497,164	497,336	-	206,266	291,070
Debt securities	19,371	19,203	6,391	10,307	2,505
TOTAL	572,507	572,510	6,391	256,332	309,787

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

NOTE 3.9.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2021				
<i>(In EURm)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	139,177	139,186	113	136,510	2,562
Customer deposits	509,133	509,067	-	498,338	10,729
Debt securities issued	135,324	135,317	22,551	110,092	2,674
Subordinated debt	15,959	15,960	-	15,960	-
TOTAL	799,593	799,530	22,664	760,900	15,965

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

NOTE 3.9.3 VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST**LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS**

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark actuarial rate published by Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans with similar maturities.

For floating-rates loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as the gross carrying amount adjusted for any allowance, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

When the debt is a listed instrument, its fair value is its market value.

For debts with a floating-rate and debts with an initial maturity of less than or equal to one year, fair value is taken to be the same as the carrying amount. Similarly, the individual fair value of demand deposit accounts is equal to their carrying amount.

SECURITIES

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

If no active market exists, the fair value of the securities is calculated by discounting expected cash flows to present value based on the market rates. For variable-rate debt securities and fixed-rate debt securities with an agreed duration of up to one year, the fair value is assumed to be the gross carrying amount adjusted for any allowance provided there have been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

NOTE 3.10 Commitments and assets pledged and received as securities**ACCOUNTING PRINCIPLES****Loan commitments**

Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

Guarantee commitments

When considered as non-derivative financial instruments, the financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

Securities commitments

Securities bought and sold, which are booked to Financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income and Financial assets at amortised cost are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of the securities measured at fair value through profit or loss and the securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or to equity, depending on the accounting classification of the securities in question.

NOTE 3.10.1 COMMITMENTS**COMMITMENTS GRANTED**

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

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

COMMITMENTS RECEIVED

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

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

NOTE 3.10.2 FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY**FINANCIAL ASSETS PLEDGED**

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

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include security deposits.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

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

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

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the

counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

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**

	31.12.2021		31.12.2020	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
<i>(In EURm)</i>				
Securities at fair value through profit or loss	18,705	15,304	23,375	18,827
Securities at fair value through other comprehensive income	11,251	9,062	12,410	9,913
TOTAL	29,956	24,366	35,785	28,740

SECURITIES LENDING

	31.12.2021		31.12.2020	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
<i>(In EURm)</i>				
Securities at fair value through profit or loss	14,373	-	11,067	-
Securities at fair value through other comprehensive income	241	-	170	-
Securities at amortised cost	8	-	-	-
TOTAL	14,622	-	11,237	-

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

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

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

NOTE 3.11.2 TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

As at 31 December 2021, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

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 2021**ASSETS**

	Amount of liabilities 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	
(In EURm)								
Derivative financial instruments (see Notes 3.1 and 3.2)	17,748	176,550	(80,704)	113,594	(70,403)	(13,415)	(129)	29,647
Securities lent	7,210	7,413	-	14,623	(6,266)	-	-	8,357
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	27,841	168,315	(95,828)	100,328	(9,925)	(511)	(38,360)	51,532
Guarantee deposits pledged (see Note 4.4)	63,074	14,510	-	77,584	-	(14,510)	-	63,074
Other assets not subject to offsetting	1,158,320	-	-	1,158,320	-	-	-	1,158,320
TOTAL	1,274,193	366,788	(176,532)	1,464,449	(86,594)	(28,436)	(38,489)	1,310,930

LIABILITIES

(In EURm)	Amount of liabilities 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 received	Financial instruments received as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	22,503	175,233	(80,704)	117,032	(70,404)	(14,510)	-	32,118
Amount payable on borrowed securities (see Note 3.1)	28,647	17,174	-	45,821	(6,266)	-	-	39,555
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	27,794	162,950	(95,828)	94,916	(9,925)	-	(35,158)	49,833
Guarantee deposits received (see Note 4.4)	58,742	13,926	-	72,668	-	(13,926)	-	58,742
Other liabilities not subject to offsetting	1,063,149	-	-	1,063,149	-	-	-	1,063,149
TOTAL	1,200,835	369,283	(176,532)	1,393,586	(86,595)	(28,436)	(35,158)	1,243,397

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

NOTE 3.12.2 AT 31 DECEMBER 2020

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 pledged as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)*	26,495	277,956	(149,790)	154,661	(103,294)	(18,599)	-	32,768
Securities lent*	7,333	3,909	-	11,242	(1,677)	(2)	(91)	9,472
Securities purchased under resale agreements (see Notes 3.1 and 3.5)*	47,044	172,751	(80,718)	139,077	(9,170)	(183)	(49,288)	80,436
Guarantee deposits pledged (see Note 4.4)	36,530	15,366	-	51,896	-	(15,366)	-	36,530
Other assets not subject to offsetting*	1,087,528	-	-	1,087,528	-	-	-	1,087,528
TOTAL*	1,204,930	469,982	(230,508)	1,444,404	(114,141)	(34,150)	(49,379)	1,246,734

LIABILITIES

(In 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 received	Financial instruments received as collateral	
Derivative financial instrument (see Notes 3.1 and 3.2)*	27,401	276,484	(149,790)	154,095	(103,294)	(15,366)	-	35,435
Amount payable on borrowed securities (see Note 3.1)	23,038	9,127	-	32,165	(1,677)	-	-	30,488
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)*	53,689	156,297	(80,718)	129,268	(9,170)	-	(44,210)	75,888
Guarantee deposits received (see Note 4.4)	36,955	18,784	-	55,739	-	(18,784)	-	36,955
Other liabilities not subject to offsetting*	1,006,125	-	-	1,006,125	-	-	-	1,006,125
TOTAL*	1,147,208	460,962	(230,508)	1,377,392	(114,141)	(34,150)	(44,210)	1,184,891

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

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

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

(1) This line includes commitments relating to the purchase of vehicles and underlying equipments subject to an operating lease.

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there are no contractual terms, as well as for trading financial instruments (e.g.: derivatives), maturities are presented in the first column (up to three months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of disposal; if not available, they are presented in the first column (up to three months).

NOTE 4 OTHER ACTIVITIES

NOTE 4.1 Fee income and expense

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest and similar income and Interest and similar expense (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation 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.

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

NOTE 4.2 Income and expense from other activities**ACCOUNTING PRINCIPLES****Leasing activities**

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under Tangible and intangible fixed assets at their acquisition cost, less depreciation and impairment (see Note 8.4).

Leased assets are depreciated, excluding residual value, over the life of the lease; the latter corresponds to the non-cancellable lease term adjusted for any option to extend the contract that the lessee is reasonably certain to exercise and any early termination options that the lessee is reasonably certain not to exercise (see Note 8.4). Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of the income from invoices for maintenance services related to operating leases is to reflect, over the term of the service agreement, a constant margin between this income and the expenses incurred in providing the service.

Income and expenses, and capital gains or losses on investment properties and leased assets, as well as income and expense on maintenance services related to operating lease activities, are recorded under Income and expenses from other activities on the Real estate leasing and Equipment leasing lines.

These lines also include the losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and the capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

The leases granted by the Group entities may include the maintenance service of the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

Real estate development activities

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme's duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

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

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

NOTE 4.3 Insurance activities**MAKING IT SIMPLE**

Insurance activities (life insurance, personal protection and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector as well as the presentation of income and expenses on the Group's insurance activities that are disclosed in this note and which are classified on the basis of their function.

DEFERRED APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The amendments to IFRS 17 and IFRS 4 published by IASB on 25 June 2020 as well as the Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020 allow financial conglomerates falling within the scope of Directive 2002/87/EC to defer until 1 January 2023 the implementation of IFRS 9 by their entities belonging to the insurance sector.

The Group has therefore maintained the decision that all its insurance subsidiaries will defer the effective date of IFRS 9 and will continue to apply IAS 39 as adopted by the European Union. The Group maintained the necessary arrangements to forbid all transfers of financial instruments between its insurance sector and any other sector in the Group that would lead to a derecognition of the instrument by the seller, except for transfers of financial instruments measured at fair value through profit or loss by both sectors involved in such transfers.

In accordance with the ANC recommendation of 2 June 2017 related to the consolidated statements of banking institutions with the international accounting standards, separate lines in the consolidated financial statements for clarification purposes: Investments of insurance activities under balance sheet assets, Insurance contracts related liabilities under balance sheet liabilities and Net income from insurance activities under net banking income in the income statement.

The main subsidiaries concerned are Sogécap, Antarius, Sogelife, Oradea Vie, Komerčni Pojistovna A.S. and Sogessur.

NOTE 4.3.1 INSURANCE CONTRACTS RELATED LIABILITIES**ACCOUNTING PRINCIPLES****Underwriting reserves of insurance companies**

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations, with the exception of certain prudential provisions that are cancelled (liquidity risk provision) or recalculated economically (mainly, overall management reserve).

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

In saving-life insurance products:

- underwriting reserves of saving-life insurance contracts invested in EUR-denominated policies with profit sharing clauses consist primarily of mathematical provisions and provisions for profit-sharing;
- underwriting reserves of saving-life insurance contracts invested in unit-linked policies or with a significant insurance clause (mortality, invalidity, etc.) are measured at the inventory date according to the realisation value of the assets underlying these contracts.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in Deferred profit-sharing. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first approach consists in simulating deterministic (“standardised” or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified considering projections based on extreme scenarios.

Moreover, a Liability Adequacy Test (LAT) is also carried out quarterly at the level of each consolidated entities operating in the insurance. This test involves comparing the carrying amount of insurance liabilities with the average economic value using a stochastic model of future cash flows. This test takes into account all of the future cash flows from policies, including benefits, management charges, fees, policy options and guarantees related to the contracts; It does not include future premiums. If the test concludes that the book value is insufficient, the value of insurance liabilities will be adjusted with a corresponding entry in the income statement.

Classification of financial liabilities

At initial recognition, financial liabilities resulting from the Group’s insurance activities are classified in the following accounting categories:

- financial liabilities measured at fair value through profit or loss: these are derivative financial liabilities;
- financial liabilities measured at fair value option through profit or loss: these are non-derivative financial liabilities that were initially designated by the Group to be measured at fair value through profit or loss (using the option). These include investment contracts without both discretionary profit-sharing clauses and insurance component, that do not meet the definition of an insurance contract under IFRS 4 (unit-linked insurance contracts only) and are thus governed by IAS 39.

BREAKDOWN

<i>(In EURm)</i>	31.12.2021	31.12.2020
Underwriting reserves of insurance companies	151,148	142,106
Financial liabilities of insurance companies	4,140	4,020
<i>Financial liabilities at fair value through profit or loss</i>	520	583
<i>Financial liabilities at fair value through profit or loss (fair value option)</i>	3,620	3,437
TOTAL	155,288	146,126

UNDERWRITING RESERVES OF INSURANCE COMPANIES

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

STATEMENT OF CHANGES IN UNDERWRITING RESERVES EXCLUDING DEFERRED PROFIT SHARING

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

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2021. This test assesses whether recognised insurance liabilities are

adequate, using current estimates of future cash flows under insurance policies. The result of the test as at 31 December 2021 does not show any insufficiency of technical liabilities.

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

<i>(In EURm)</i>	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2021
Underwriting reserves of insurance companies	14,952	9,963	39,726	86,507	151,148

NOTE 4.3.2 INVESTMENTS OF INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES**Classification of financial instruments**

When initially recognised, financial assets from Group insurance activities are classified into one of the following four categories:

- financial assets at fair value through profit or loss: these are financial assets held for trading purposes (see definition in Note 3.1), which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the insurance entity upon initial recognition to be carried at fair value through profit or loss (using the option). In particular, insurance entities measure at fair value using the option the financial assets representing unit-linked contracts in order to eliminate the accounting mismatch with the related insurance liabilities, as well as interests in UCITS over which a significant influence exists;
- available-for-sale financial assets: these are non-derivative financial assets held for an indeterminate period, which the insurance entity may sell at any time. By default, they are any assets that do not fall into one of the other categories. These instruments are measured at fair value against Unrealised or deferred gains and losses. Interests accrued or paid on debt securities are recognised in profit or loss using the effective interest rate method while dividend income earned on equity securities is recorded under Net gains and losses on available-for-sale financial assets. If there is an objective evidence on an individual basis, the total accumulated unrealised loss previously recorded in shareholders' equity is reclassified in profit or loss under Net Income from insurance activities;
- loans and receivables: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual basis, may be recorded if appropriate;
- held-to-maturity financial assets: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate whether objective evidence of impairment exists individually.

All these categories are presented on the insurance entity's balance sheet under the Investments of insurance companies, which also includes investment properties held by insurance entities and hedge derivatives assessed in accordance with the accounting principles respectively presented in Note 8.4 and Note 3.2.

Reclassification of financial assets

After their initial recognition, financial assets may not be later reclassified as Financial assets at fair value through profit or loss.

A non-derivative financial asset initially recognised under Financial assets at fair value through profit or loss as an asset held for trading purposes may only be reclassified out of this category under specific conditions framed by IAS 39 standard.

IMPAIRMENT**Impairment of financial assets measured at amortised cost**

For debt instruments not measured at fair value through net income, the criteria used by the insurance entity's insurance entities to assess individually objective evidence of impairment include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfil its overall commitments, implying then a risk of loss for the insurance entity (the appreciation of this deterioration can be based on the evolution of the rating of the issuers or the variations of the credit spreads changes observed on these markets);
- the occurrence of late payment of coupons and more generally of arrears of more than 90 days;
- or, regardless of whether or not any past-due payments are recorded. There is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees. This discount is calculated using the financial assets' original effective interest rate. The amount of this impairment is deducted from the carrying value of the impaired financial asset.

The allocations and reversals of impairments are recorded under net income from investments in the Net income from insurance activities. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under interest income in the Net income from insurance activities.

Impairment of available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, insurance entities consider as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the insurance entities to consider that the cost of its investment may not be recovered even if the abovementioned criteria are not met. An impairment loss is then recorded through net income equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under Unrealised or deferred gains and losses and subsequent objective evidence of impairment emerges, insurance entities recognise the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement among under net income from investments in the Net income from insurance activities for equity instruments and under Cost of risk for debt instruments.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

OTHER ACCOUNTING PRINCIPLES

Accounting principles relative to fair value, initial recognition of financial instruments, derecognition of financial instruments, derivative financial instruments, interest income and expense, transferred financial assets and offsetting of financial instruments are similar to those described in Note 3 "Financial instruments".

OVERVIEW

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

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 1,207 million of current accounts as at 31 December 2021 vs. EUR 897 million as at 31 December 2020.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Net investments from insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments). Basic instruments held among a trading portfolio or those managed and whose performance is evaluated on a fair value basis (i.e., financial instruments measured at fair value through profit or loss using fair value option) are presented in the column Other instruments.

	31.12.2021					
	Carrying amount			Fair value		
	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
<i>(In EURm)</i>						
Financial assets at fair value through profit or loss	-	84,659	84,659	-	84,659	84,659
Hedging derivatives	-	353	353	-	353	353
Available-for-sale financial assets	71,537	16,949	88,486	71,537	16,949	88,486
Due from banks	2,559	2,212	4,771	2,717	2,265	4,982
Customer loans	69	-	69	70	-	70
Held-to-maturity financial assets	22	-	22	22	-	22
TOTAL FINANCIAL INVESTMENTS	74,187	104,173	178,360	74,346	104,226	178,572

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

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	31.12.2021			
	Level 1	Level 2	Level 3	Total
<i>(In EURm)</i>				
Financial assets measured at fair value through profit or loss using fair value option	36	174	1	211
Financial assets at fair value through profit or loss using the fair value option	72,819	9,638	1,991	84,448
Hedging derivatives	-	353	-	353
Available-for-sale financial assets	78,236	4,827	5,423	88,486
TOTAL	151,091	14,992	7,415	173,498

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

CHANGES IN AVAILABLE FOR SALE FINANCIAL ASSETS

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

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

<i>(In EURm)</i>	31.12.2021		
	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	431	(82)	349
<i>On available-for-sale equity instruments</i>	2,892	(70)	2,822
<i>On available-for-sale debt instruments and assets reclassified as loans and receivables</i>	5,904	(292)	5,612
<i>Deferred profit-sharing</i>	(8,365)	280	(8,085)

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

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

<i>(In EURm)</i>	31.12.2021	31.12.2020
Fair value of securities purchased under resale agreements	4	6

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term. Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 4.3.3 NET INCOME FROM INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

Income and expense related to insurance contracts

Income and expense related to insurance contracts issued by Group insurance companies, associated fee income and expense, and income and expense related to investments of insurance companies are recorded under Net income from insurance activities in the income statement.

Other income and expense are recorded under the appropriate headings.

Changes in the provision for deferred profit-sharing are recorded under Net income from insurance activities in the income statement or under Unrealised or deferred gains and losses under the appropriate headings for the underlying assets in question.

The following table shows the breakdown (after eliminating intercompany transactions):

- income and expense from insurance activities and associated investments on a separate line under net banking income: Net income from insurance activities;
- funding costs of insurance activities recorded under Interest and similar expense;
- impairment debt instruments of insurance activities and the deferred profit-sharing recorded under “Cost of risk”.

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

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

NET INCOME FROM INVESTMENTS

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

NOTE 4.3.4 MANAGEMENT OF INSURANCE RISKS

The Group carries out its insurance activities through the distribution and reinsurance acceptance of a wide range of life insurance, protection and health insurance, and non-life insurance policies. Since the life insurance business is predominant on the French market in the Group's insurance activities, the market risks of financial assets in terms of technical liabilities constitute the most significant exposure. Within market risks, the insurance business line is sensitive to shocks in interest rates, equity markets and credit spreads. In connection with the life insurance savings activity, the risk of withdrawals is also significant.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy just like objectives on long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behaviour (redemption);
- close monitoring of financial markets;
- hedging of exchange rate risks (both rising and falling);
- defining thresholds and limits per counterparty, per rating issuer and per category of assets;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

BREAKDOWN OF NET INVESTMENTS BY RATING OF BASIC INSTRUMENTS

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

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

The rating scale is the one used for meeting the requirements imposed by two purposes, which calls for the second highest rating determined by the rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings) to be used. The ratings in question apply to issues or, where these are not available, to issuers.

NOTE 4.4 Other assets and liabilities**NOTE 4.4.1 OTHER ASSETS**

<i>(In EURm)</i>	31.12.2021	31.12.2020
Guarantee deposits paid ⁽¹⁾	77,584	51,896
Settlement accounts on securities transactions	4,265	3,876
Prepaid expenses	1,120	1,019
Miscellaneous receivables ⁽²⁾	8,473	9,193
Miscellaneous receivables – insurance	1,874	1,752
GROSS AMOUNT	93,316	67,736
Impairments	(418)	(395)
<i>Credit risk on operating lease receivables</i>	(181)	(187)
<i>Credit risk on assets acquired by adjudication and on sundry debtors</i>	(103)	(101)
<i>Other risks</i>	(134)	(107)
NET AMOUNT	92,898	67,341

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 952 million as of 31 December 2021.

NOTE 4.4.2 OTHER LIABILITIES

<i>(In EURm)</i>	31.12.2021	31.12.2020
Guarantee deposits received ⁽¹⁾	72,668	55,739
Settlement accounts on securities transactions	5,343	4,166
Expenses payable on employee benefits	2,754	2,022
Lease liability	2,318	2,207
Deferred income	1,688	1,527
Miscellaneous payables ⁽²⁾	12,623	12,690
Miscellaneous payables – insurance	8,911	6,586
TOTAL	106,305	84,937

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken to be the same as their book value.

(2) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS



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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, etc.);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

Information related to the Group headcount is presented in the Chapter 5 of the Universal Registration Document (Corporate Social Responsibility).

NOTE 5.1 Personnel expenses and related party transactions

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under Personnel expenses during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group's related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

NOTE 5.1.1 PERSONNEL EXPENSES

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

NOTE 5.1.2 RELATED-PARTY TRANSACTIONS**REMUNERATION OF THE GROUP'S MANAGERS**

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below according to the nomenclature of IAS 24 – paragraph 17.

<i>(In EURm)</i>	2021	2020
Short-term benefits	9.9	14.0
Post-employment benefits	0.4	0.6
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2.8	2.5
TOTAL	13.1	17.1

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding at 31 December 2021 for a total amount of 1.2 million of euros. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

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

NOTE 5.2 Employee benefits**ACCOUNTING PRINCIPLES**

Employee benefits are divided into four categories:

- short-term employee benefits;
- post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- others long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- termination benefits.

Short-term employee benefits

Short-term employee benefits are recognised as Expenses payable on employee benefits. The settlement is expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing.

Post-employment benefits

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under Provisions, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies. Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits. When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations. When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under Financial assets at fair value through profit or loss.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among Unrealised or deferred gains and losses. These items cannot be subsequently reclassified as income and are presented under Retained earnings on the liabilities side of the balance sheet and on a separate line under the Statement of net income and unrealised or deferred gains and losses.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under Personnel expenses for defined benefit plans consisting of the additional entitlements vested by each employee (current service cost), past service cost resulting from a plan amendment or a curtailment, the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset), plan settlements.

Other long-term benefits

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

Termination benefits

Termination benefits refer to the benefits to be granted to an employee following the termination by the entity of the staff member's employment contract before the normal retirement age or the decision of the staff member to voluntarily leave in exchange for these benefits.

Termination benefits payable more than 12 months after the closing date shall be discounted.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

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

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

NOTE 5.2.1 POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

NOTE 5.2.2 POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, 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 as described in the Chapter 3 "Corporate Governance" of the present Universal Registration Document. This allowance depends in particular on the beneficiary's seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate (cash balance scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In EURm)	31.12.2021			
	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations	1,277	934	1,125	3,336
B – Fair value of plan assets	77	1,003	618	1,699
C – Fair value of separate assets	1,330	-	1	1,331
D – Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	(130)	(69)	505	306
ON THE LIABILITIES SIDE OF THE BALANCE SHEET	1,201	-	510	1,711
ON THE ASSETS SIDE⁽¹⁾ OF THE BALANCE SHEET	1,331	69	5	1,405

(1) o/w EUR 1,331 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 74 million linked to surplus assets under "Other assets".

(In EURm)	31.12.2020			
	France	United Kingdom	Others	Total
A – Present value of defined benefit obligations*	1,227	949	1,143	3,319
B – Fair value of plan assets	76	999	580	1,655
C – Fair value of separate assets	1,147	-	3	1,150
D – Change in asset ceiling	-	-	-	-
A - B - C + D = Net balance	4	(50)	560	514
ON THE LIABILITIES SIDE OF THE BALANCE SHEET*	1,151	-	567	1,718
ON THE ASSETS SIDE⁽¹⁾ OF THE BALANCE SHEET	1,147	50	6	1,204

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

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

COMPONENTS OF THE COST OF DEFINED BENEFITS

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

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

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

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

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

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

INFORMATION AND TERMS REGARDING FUNDING ASSETS

Funding assets include plan assets and separate assets.

Funding assets represent around 91% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in France, the United Kingdom and the United States are fully hedged, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 73% bonds, 13% equities and 14% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 347 million.

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

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:

<i>(In EURm)</i>	2021	2020
Plan assets	(2)	164
Separate assets	191	80

MAIN ACTUARIAL ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

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

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October and corrected at the end of December

if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

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

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

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

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

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

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

<i>(In EURm)</i>	2021	2020
N+1	157	169
N+2	147	140
N+3	154	150
N+4	165	156
N+5	166	164
N+6 to N+10	816	798

NOTE 5.3 Share-based payment plans

ACCOUNTING PRINCIPLES

Societe Generale, and its subsidiaries, share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as Personnel expenses in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under Issued common stocks and capital reserves. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under Personnel expenses from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (compensation indexed on Societe Generale, or one of its subsidiaries, shares), the fair value of the amounts payable is recorded under Personnel expenses as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under Other liabilities – Expenses payable on employee benefits. This payables item is then remeasured to take into account performance and presence conditions, as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in the income statement under Personnel expenses, as well.

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale, or one of its subsidiaries, share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or *Monte-Carlo* model is used. Valuations are performed by independent actuaries.



The vesting conditions for beneficiaries of payments based on Societe Generale shares include conditions of presence and performance. The performance conditions may be 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

<i>(In EURm)</i>	31.12.2021			31.12.2020		
	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	145	48	193	108	42	150

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 6 INCOME TAX



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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

<i>(In EURm)</i>	2021	2020
Current taxes	(1,272)	(708)
Deferred taxes	(425)	(496)
TOTAL	(1,697)	(1,204)

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

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

(1) In 2021, this amount includes a EUR 130 million decrease in the unrecognised portion of deferred tax assets for the French tax group.

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be lowered to 25% in 2022 (Article 219 of the French Tax Code), plus the existing national contribution (CSB) of 3.3%, i.e. a compound tax rate of 25.83%.

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

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the Company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

NOTE 6.2 Tax assets and liabilities**TAX ASSETS**

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

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

TAX LIABILITIES

<i>(In EURm)</i>	31.12.2021	31.12.2020
Current tax liabilities	760	440
Provisions for tax adjustments	76	90
Deferred tax liabilities*	741	697
TOTAL*	1,577	1,227

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

The Group performs an annual review of its capacity to use tax loss carry-forwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined based on the projected performance of the businesses. This performance corresponds to the estimated budget (scenario SG Central) over four years (from 2022 to 2025), extrapolated to 2026, which corresponds to a “normative” year.



These budgets notably take into account the impacts of the commitments to energy and environmental transition and regional development detailed in the Declaration of Non-Financial Performance.

The tax results also take into consideration the accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and on the Group's tax expertise. An extrapolation of the tax results is performed from 2026 on and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and the internal estimates used to determine the tax results involve risks and uncertainties about their materialisation over the estimated timeframe for the absorption of the losses. These risks and uncertainties are especially related to possible changes in the applicable tax rules (computation of the tax result, as well as allocation rules for tax loss carry-forwards) or materialisation of the assumptions selected. These uncertainties are mitigated by robustness checks of the budgetary and strategic assumptions.

The updated projections show that the Group's activated tax loss-carry forwards may likely be used against its future taxable income.

NOTE 6.3 Deferred tax assets recognised on tax loss carry-forwards and deferred tax assets not recognised

As at 31 December 2021, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax assets recovery is indicated in the table below:

(In EURm)	31.12.2021	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	1,719	-	-
o/w French tax group ⁽¹⁾	1,413	Unlimited ⁽²⁾	8 years
o/w US tax groups	222	20 years ⁽³⁾	7 years
Others	84	-	-

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

(2) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(3) Tax losses generated before 31 December 2011.

The main deferred taxes not recognised as assets in the balance sheet by tax group are presented in the table below. They may be recognised in the balance sheet when it becomes probable that a future taxable profit will allow their recovery.

(In EURm)	31.12.2021	31.12.2020
French tax group	520	650
US tax groups	291	305
SG Singapore	82	70
Societe Generale de Banques en Guinée Équatoriale ⁽¹⁾	40	40
SG Kleinwort Hambros Limited	33	20

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

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

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

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income (see Note 9).

NOTE 7 SHAREHOLDERS' EQUITY



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Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and 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)	31.12.2021	31.12.2020
Issued capital	1,067	1,067
Issuing premiums and capital reserves	21,513	21,465
Elimination of treasury stock	(667)	(199)
TOTAL	21,913	22,333

ORDINARY SHARES ISSUED BY SOCIETE GENERALE SA

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

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

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

NOTE 7.1.2 TREASURY STOCK

As at 31 December 2021, the Group held 22,253,761 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 2.6% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 667 million, including EUR 40 million in shares held for trading activities.

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

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

As at 31 December 2021, 16,247,062 Societe Generale shares were acquired on the market at a cost price of EUR 468 million, for the purpose of cancellation, in accordance with the decision of the General Meeting of 19 May 2021. The capital reduction by cancellation of securities was carried out on 1 February 2022.

NOTE 7.1.3 SHAREHOLDERS' EQUITY ISSUED BY THE GROUP**PERPETUAL SUBORDINATED NOTES**

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

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

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

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, the perpetual deeply subordinated notes have been classified as equity and recognised under Other equity instruments.

As at 31 December 2021, perpetual deeply subordinated notes issued by Societe Generale S.A. and recognised under Group shareholders' equity in Other equity instruments totalled EUR 7,534 million, valued at historical rate.

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

Issuance Date	Amount in local currency at 31.12.2020	Repurchases and redemptions in 2021	Amount in local currency at 31.12.2021	Amount in EURm at historical rate	Remuneration
18 December 2013	USD 1,750m		USD 1,750m	1,273	7.875%, from 18 December 2023, USD 5-year Mid Swap Rate +4.979%
7 April 2014	EUR 1,000m	EUR 1,000m	-	-	6.75%, from 7 April 2021, EUR 5-year Mid Swap Rate +5.538%
29 September 2015	USD 1,250m		USD 1,250m	1,111	8% from 29 September 2025, USD 5-year Mid Swap rate +5.873%
13 September 2016	USD 1,500m	USD 1,500m	-	-	7.375% from 13 September 2021, USD 5-year Mid Swap rate +6.238%
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	1,105	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 Mid Swap rate +4.514%
26 May 2021			USD 1,000m	818	4.75% from 26 May 2026, USD 5-year Mid Swap rate +3.931%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

The perpetual subordinated notes that are issued by the Group's subsidiaries and include discretionary clauses relating to the payment of interest are classified as equity instruments.

As at 31 December 2021, the amount of other equity instruments issued by the Group's subsidiaries and recognised under Non-controlling interests totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800m	4.125%, from 2026 5-year Mid-Swap rate + 4.150% annually

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in shareholder's equity, Group share are detailed below:

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

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 Group share for EUR -41 million mainly relate to the financial liabilities with respect to the put options sold to minority shareholders.

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)	2021	2020
Net income, Group share	5,641	(258)
Attributable remuneration to subordinated and deeply subordinated notes	(586)	(604)
Issuance fees related and deeply subordinated notes	(4)	(7)
Net income attributable to ordinary shareholders	5,051	(869)
Weighted average number of ordinary shares outstanding ⁽¹⁾	846,261,490	850,384,674
Earnings per ordinary share (in EUR)	5.97	(1.02)
Average number of ordinary shares used in the dilution calculation	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	846,261,490	850,384,674
Diluted earnings per ordinary share (in EUR)	5.97	(1.02)

(1) Excluding treasury shares.

NOTE 7.2.2 DIVIDENDS PAID

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

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

NOTE 7.3 Unrealised or deferred gains and losses**BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES**

<i>(In EURm)</i>	31.12.2021				
	Gross value	Tax	Net value	<i>o/w</i>	
				Net Group share	Non-controlling interests
Translation differences	(1,130)	-	(1,130)	(1,082)	(48)
Revaluation of debt instruments at fair value through other comprehensive income	134	(35)	99	109	(10)
Revaluation of available-for-sale financial assets	350	(104)	246	249	(3)
Revaluation of hedging derivatives	148	(6)	142	133	9
Sub-total of unrealised gains and losses with subsequent recycling in the income statement	(498)	(145)	(643)	(591)	(52)
Actuarial gains and losses on defined benefit plans ⁽²⁾	236	(61)	175	170	5
Revaluation of own credit risk of financial liabilities at fair value through profit or loss ⁽³⁾	(386)	99	(287)	(287)	-
Revaluation of equity instruments at fair value through other comprehensive income	60	(4)	56	56	-
Sub-total of unrealised gains and losses without subsequent recycling in the income statement	(90)	34	(56)	(61)	5
TOTAL	(588)	(111)	(699)	(652)	(47)

<i>(In EURm)</i>	Changes of the period				
	Gross value	Tax	Net value	<i>o/w</i>	
				Net Group share	Non-controlling interests
Allocation to retained earnings					
Actuarial gains and losses on defined benefit plans	55	(16)	39	31	8
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	2	-	2	1	1
TOTAL	57	(16)	41	32	9
Translation differences ⁽¹⁾	1,457	-	1,457	1,343	114
Revaluation of debt instruments at fair value through other comprehensive income	(318)	55	(263)	(179)	(84)
Revaluation of available-for-sale financial assets	(292)	83	(209)	(204)	(5)
Revaluation of hedging derivatives	(36)	(19)	(55)	(68)	13
Variation of unrealised gains and losses with subsequent recycling in the income statement	811	119	930	892	38
Actuarial gains and losses on defined benefit plans ⁽²⁾	236	(61)	175	170	5
Revaluation of own credit risk of financial liabilities at fair value through profit or loss ⁽³⁾	8	(2)	6	6	-
Revaluation of equity instruments at fair value through other comprehensive income	11	(1)	10	10	-
Variation of unrealised gains and losses without subsequent recycling in the income statement	255	(64)	191	186	5
TOTAL OF VARIATION	1,066	55	1,121	1,078	43
TOTAL OF CHANGES	1,123	39	1,162	1,110	52

31.12.2020

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

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

(2) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.

(3) During the derecognition of a financial liability, potential realised gains and losses attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening.

NOTE 8 ADDITIONAL DISCLOSURES

NOTE 8.1 Segment reporting

NOTE 8.1.1 DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
 - International Retail Banking, including consumer finance activities,
 - Financial Services (operational vehicle leasing and fleet management, equipment and vendor finance),
 - Insurance activities;
- Global Banking and Investor Solutions which comprises:
 - Global Markets and Investors Services,
 - Financing and Advisory,
 - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-Group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NOTE 8.1.2 SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	2021										
	French Retail Banking	International Retail Banking and Financial Services				Total	Global Banking and Investor Solutions			Corporate Centre ⁽¹⁾	Total Group Societe Generale
		International Retail Banking	Financial Services	Insurance			Global Markets and Investors Services	Financing and Advisory	Asset and Wealth Management		
<i>(In EURm)</i>											
Net banking income	7,777	5,000	2,154	963	8,117	5,648	2,924	958	9,530	374	25,798
Operating expenses ⁽²⁾	(5,635)	(2,914)	(916)	(373)	(4,203)	(4,315)	(1,746)	(802)	(6,863)	(889)	(17,590)
Gross operating income	2,142	2,086	1,238	590	3,914	1,333	1,178	156	2,667	(515)	8,208
Cost of risk	(104)	(429)	(75)	-	(504)	(1)	(64)	(21)	(86)	(6)	(700)
Operating income	2,038	1,657	1,163	590	3,410	1,332	1,114	135	2,581	(521)	7,508
Net income from investments accounted for using the equity method	1	-	-	-	-	4	-	-	4	1	6
Net income/expense from other assets ⁽⁴⁾	24	18	1	(1)	18	(8)	(1)	(1)	(10)	603	635
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(114)	(114)
Earnings before Tax	2,063	1,675	1,164	589	3,428	1,328	1,113	134	2,575	(31)	8,035
Income tax	(575)	(405)	(270)	(165)	(840)	(281)	(158)	(30)	(469)	187	(1,697)
Consolidated Net Income	1,488	1,270	894	424	2,588	1,047	955	104	2,106	156	6,338
Non controlling interests	(4)	334	169	3	506	27	1	2	30	165	697
Net income, Group Share	1,492	936	725	421	2,082	1,020	954	102	2,076	(9)	5,641
Segment assets	262,512	135,993	41,362	181,148	358,503	505,796	149,202	37,052	692,050	151,384	1,464,449
Segment liabilities⁽³⁾	279,353	101,650	13,834	166,055	281,539	636,754	57,221	25,555	719,530	113,164	1,393,586

2020

(In EURm)	International Retail Banking and Financial Services					Global Banking and Investor Solutions				Corporate Centre ⁽¹⁾	Total Group Societe Generale
	French Retail Banking	International Retail Banking	Financial Services	Insurance	Total	Global Markets and Investors Services	Financing and Advisory	Asset and Wealth Management	Total		
Net banking income	7,315	4,902	1,735	887	7,524	4,164	2,546	903	7,613	(339)	22,113
Operating expenses ⁽²⁾	(5,418)	(2,870)	(916)	(356)	(4,142)	(4,337)	(1,563)	(813)	(6,713)	(441)	(16,714)
Gross operating income	1,897	2,032	819	531	3,382	(173)	983	90	900	(780)	5,399
Cost of risk	(1,097)	(1,080)	(185)	-	(1,265)	(24)	(861)	(37)	(922)	(22)	(3,306)
Operating income	800	952	634	531	2,117	(197)	122	53	(22)	(802)	2,093
Net income from investments accounted for using the equity method	(1)	-	-	-	-	4	-	-	4	-	3
Net income/expense from other assets ⁽⁴⁾	158	4	11	-	15	11	(3)	(8)	-	(185)	(12)
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	(684)	(684)
Earnings before Tax	957	956	645	531	2,132	(182)	119	45	(18)	(1,671)	1,400
Income tax	(291)	(227)	(139)	(165)	(531)	40	69	(9)	100	(482)	(1,204)
Consolidated Net Income	666	729	506	366	1,601	(142)	188	36	82	(2,153)	196
Non controlling interests	-	198	96	3	297	23	-	2	25	132	454
Net income, Group Share	666	531	410	363	1,304	(165)	188	34	57	(2,285)	(258)
Segment assets*	256,205	123,697	38,932	169,239	331,868	549,072	124,114	34,661	707,847	148,484	1,444,404
Segment liabilities*⁽³⁾	264,208	90,765	13,351	154,736	258,852	666,751	47,161	21,324	735,236	119,096	1,377,392

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

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

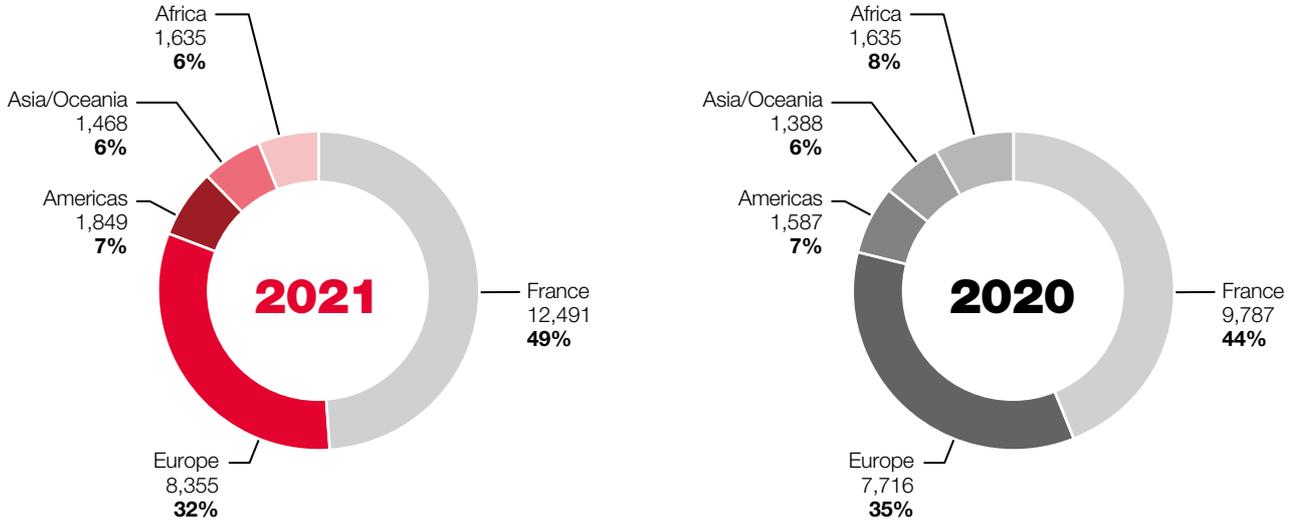
(2) These amounts include personnel expenses, other administrative expenses and depreciation, amortisation and impairment of intangible assets and property, plant and equipment. In Q4 2021, Societe Generale presented the proposed organisation of its new Retail Banking in France, which will result from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

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

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

NOTE 8.1.3 SEGMENT REPORTING BY GEOGRAPHICAL REGION

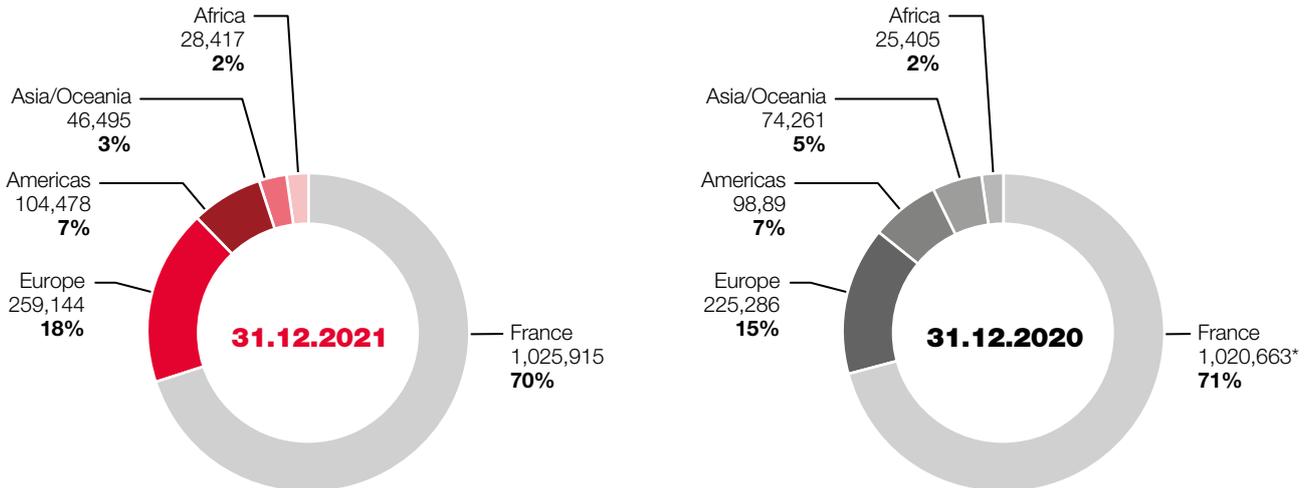
GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN EURM)



As at 31 December 2021, the amount of net banking income was EUR 25,798 million compared to EUR 22,113 million at 31 December 2020.

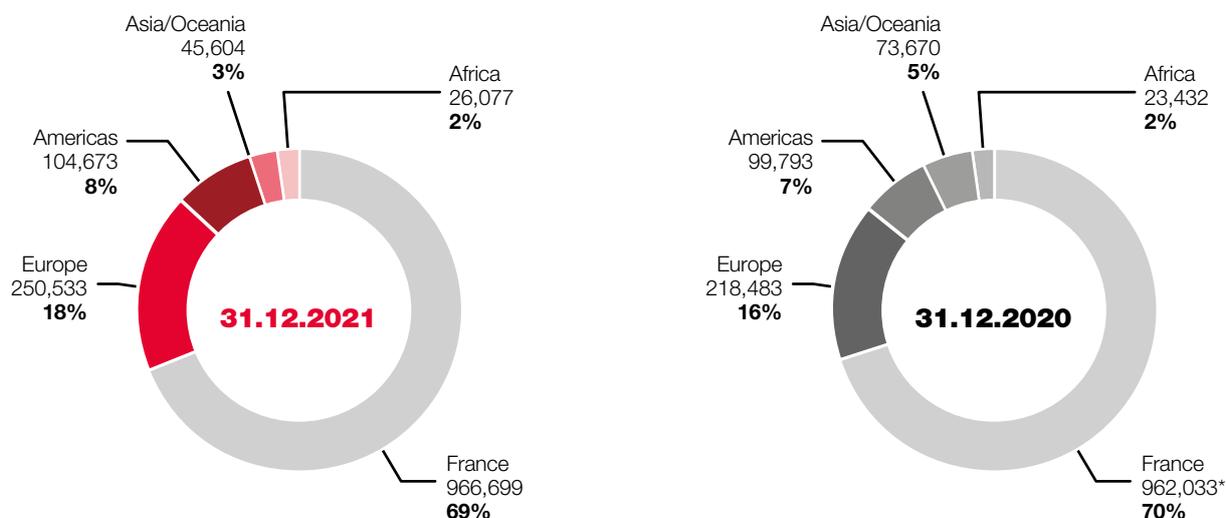
GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN EURM)

ASSETS



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

LIABILITIES



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

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

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

NOTE 8.2 Other operating expenses

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.4).

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised in profit or loss at the start of the financial year. The Company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised in profit or loss at 1 January of the current financial year.

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

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

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation UE n°806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions from the participating European financial institutions.

By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

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

- cash contributions (85%) for a total of EUR 586 million, of which EUR 544 million for the SRF and EUR 42 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for EUR 96 million related to the SRF, recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 Provisions

ACCOUNTING PRINCIPLES

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

OVERVIEW

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

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

NOTE 8.3.1 COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In EURm)	31.12.2021	31.12.2020
PEL accounts	18,789	19,227
<i>Less than 4 years old</i>	714	734
<i>Between 4 and 10 years old</i>	10,411	11,511
<i>More than 10 years old</i>	7,664	6,982
CEL accounts	1,513	1,404
TOTAL	20,302	20,631

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In EURm)	31.12.2021	31.12.2020
Less than 4 years old	0	-
Between 4 and 10 years old	3	7
More than 10 years old	7	9
TOTAL	10	16

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

<i>(In EURm)</i>	31.12.2020	Allocations	Write-backs	31.12.2021
PEL accounts	352	6	(56)	302
<i>Less than 4 years old</i>	2	0	-	2
<i>Between 4 and 10 years old</i>	32	6	(2)	36
<i>More than 10 years old</i>	318	0	(54)	264
CEL accounts	3	11	(0)	14
TOTAL	355	17	(56)	316

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

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be

adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the valuation date, averaged over a 12 month period.

NOTE 8.3.2 OTHER PROVISIONS

Other provisions include provisions for restructuring (except staff costs), provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter, the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented in Note 9 "Information on risks and litigation".

NOTE 8.4 Tangible and intangible fixed assets**ACCOUNTING PRINCIPLES****Tangible and intangible fixed assets**

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in profit or loss under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

Realised capital gains and losses on operating fixed assets are recognised under Net income from other assets.

Investment properties are depreciated using the component-based method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Profits or losses on operating lease assets and on investment property, including amortisation and depreciation, are recognised under Income from other activities and Expense from other activities (see Note 4.2).

Rights-of-use for assets leased by the Group**LEASE****Definition of the lease**

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period;
- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset;
- a capacity portion of an asset is still an identified asset if it is physically distinct (e.g. a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (e.g. the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

LEASE TERM

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise;
- and early termination options that the lessee is reasonably certain not to exercise.



* if the lessee is reasonably certain to exercise that option.

** if the lessee is reasonably certain not to exercise that option.

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination);
- substantial changes made to the leased premises (specific layouts, such as a bank vault);
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.);
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location);
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, most property leases on premises occupied by branches are 9-year leases with an early-termination option at the end of 3 and 6-year term (leases referred to as "3/6/9"); at the end of the 9-year term, if no new agreement is signed, the initial lease is renewed by tacit agreement for a 5-year term. This 5-year term may be modified depending on the quality of the location, the completion of major investments, or the planned closure of a group of designated branches.

Changing the lease term

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

ACCOUNTING TREATMENT BY THE GROUP AS A LESSEE

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under Net banking income and a depreciation of the right-of-use under Amortisation, depreciation and impairment of tangible and intangible fixed assets.

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying the exemption threshold of USD 5,000 as indicated in the standard's Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (e.g. consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

Recognition of the lease liability

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of the right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial 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)	31.12.2020	Increases/ allowances	Disposals/ reversals	Other movements	31.12.2021
Intangible Assets					
Gross value	7,714	930	(205)	(29)	8,410
Amortisation and impairments	(5,230)	(629)	157	25	(5,677)
Tangible Assets (w/o assets under operating leases)					
Gross value	11,333	540	(470)	60	11,463
Depreciation and impairments	(6,585)	(573)	296	3	(6,859)
Assets under operating leases					
Gross value	28,752	10,759	(7,147)	(1,284)	31,080
Depreciation and impairments	(7,940)	(3,881)	2,479	828	(8,514)
Investment Property					
Gross value	33	-	(1)	-	32
Depreciation and impairments	(21)	-	1	-	(20)
Rights-of-use					
Gross value	2,827	525	(210)	39	3,181
Amortisation and impairments	(795)	(448)	106	9	(1,128)
TOTAL	30,088	7,223	(4,994)	(349)	31,968

INFORMATION RELATING TO SALE-LEASEBACK TRANSACTIONS

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

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

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

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

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

**Property Leases**

Most of the leases (more than 90%) involve building leases contracted for the lease of commercial and office space:

- the commercial spaces are branches in the Group's French and international retail banking networks. In France, the majority of property leases contracted are nine-year commercial leases with early termination options at three and six years (so-called "3/6/9" leases). If a new contract is not signed by the end of that nine-year period, the initial lease is automatically extended;
- the office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centers: London, New York, Hong Kong, etc.

Outside France, residual lease periods are generally below 10 years. In some countries, such as Russia, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.

Equipment Leases

Other leases (less than 10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

(In EURm)	31.12.2021			
	Real estate	IT	Others	Total
Lease	(470)	(45)	(8)	(523)
Interest expenses on lease liabilities	(39)	-	-	(39)
Depreciation charge for right-of-use assets	(385)	(41)	(3)	(429)
Expense relating to short-term leases	(36)	-	(3)	(39)
Expense relating to leases of low-value assets	(2)	(4)	(2)	(8)
Expense relating to variable lease payments	(8)	-	-	(8)
Sublease income	14	-	-	14

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

NOTE 8.5 Companies included in the consolidation scope

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
South Africa							
(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Algeria							
	ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	79.81	79.81	99.99	99.99
	SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany							
	ALD AUTOLEASING D GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD INTERNATIONAL GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD NTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.94	99.94	51	51
	BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
	CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	79.82	79.82	100	100
	CARPOOL GMBH	Broker	FULL	79.82	79.82	100	100
	GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
	GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	ESI	100	100	100	100
	HANSEATIC BANK GmbH & CO KG	Specialist Financing	FULL	75	75	75	75
	HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
	HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
	INTERLEASING DELLO HAMBURG GMBH	Specialist Financing	FULL	79.82	79.82	100	100
(1) ⁽⁴⁾	LYXOR INTERNATIONAL ASSET MANAGEMENT GERMANY	Financial Company	FULL	0	100	0	100
	RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
	RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Specialist Financing	FULL	100	100	100	100
	RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	100	100	100
	RED & BLACK AUTO GERMANY N°7	Financial Company	FULL	100	100	100	100
(6)	RED & BLACK AUTO GERMANY N°8	Financial Company	FULL	100	0	100	0
	SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
	SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Germany							
(1)	SOGCAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Australia							
	SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD.	Broker	FULL	100	100	100	100
(1)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	100	100	100
Austria							
	ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GmbH	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG VIENNE	Bank	FULL	100	100	100	100
Belarus							
(6)	ALD AUTOMOTIVE LLC	Specialist Financing	FULL	79.82	0	100	0
Belgium							
	AXUS FINANCE SRL	Specialist Financing	FULL	79.82	79.82	100	100
	AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100	100
	BASTION EUROPEAN INVESTMENTS SA	Financial Company	FULL	60.74	60.74	100	100
	PARCOURS BELGIUM	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
(1)	SG EQUIPMENT FINANCE BENELUX BV BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
Benin							
	SOCIETE GENERALE BENIN	Bank	FULL	93.43	93.43	94.1	94.1
Bermuda							
	CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil							
	ALD AUTOMOTIVE SA	Specialist Financing	FULL	79.82	79.82	100	100
	ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	FULL	79.82	79.82	100	100
	BANCO SOCIETE GENERALE BRASIL SA	Bank	FULL	100	100	100	100
	SOCIETE GENERALE EQUIPMENT FINANCE S/A - ARRENDAMENTO MERCANTIL (Ex- SG EQUIPMENT FINANCE SA ARRENDAMENTO MERCANTIL)	Specialist Financing	FULL	100	100	100	100
Bulgaria							
(6)	ALD AUTOMOTIVE EOOD	Specialist Financing	FULL	79.82	0	100	0
Burkina Faso							
	SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
Cayman Islands							
	AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Cameroon							
	SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada							
(2)	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	0	100	0	100
(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
Chile							
(6)	ALD AUTOMOTIVE LIMITADA	Specialist Financing	FULL	79.82	0	100	0
China							
	SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
	SOCIETE GENERALE LEASING AND RENTING CO. LTD.	Specialist Financing	FULL	100	100	100	100
Colombia							
(6)	ALD AUTOMOTIVE SAS	Specialist Financing	FULL	79.82	0	100	0
Congo							
	SOCIETE GENERALE CONGO	Bank	FULL	93.47	93.47	93.47	93.47
South Korea							
	SG SECURITIES KOREA CO, LTD.	Broker	FULL	100	100	100	100
(1)	SG SÉOUL	Bank	FULL	100	100	100	100
Ivory Coast							
	SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98	99.98
	SOCIETE GENERALE CÔTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia							
	ALD AUTOMOTIVE D.O.O. ZA OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	79.82	79.82	100	100
	ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100	100
Curaçao							
	SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	100	100	100	100
Denmark							
	ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80	80
United Arab Emirates							
(1)	SOCIETE GENERALE DUBAÏ	Bank	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Spain							
	ALD AUTOMOTIVE SAU	Specialist Financing	FULL	79.82	79.82	100	100
	ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	EJV	50	50	50	50
(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	REFLEX ALQUILER FLEXIBLE DE VEHICULOS	Specialist Financing	FULL	0	79.82	0	100
	SG EQUIPMENT FINANCE IBERIA, E.F.C, SA	Specialist Financing	FULL	100	100	100	100
	SOCGEN FINANCIACIONES IBERIA, SL.	Bank	FULL	100	100	100	100
	SOCGEN INVERSIONES FINANCIERAS SA	Financial Company	FULL	100	100	100	100
(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100
	SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
Estonia							
	ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	59.87	59.87	75.01	75.01
United States of America							
	AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
(4)	LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	0	100	0	100
(4)	LYXOR ASSET MANAGEMENT INC.	Financial Company	FULL	0	100	0	100
	SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
	SG AMERICAS OPERATIONAL SERVICES, LLC	Services	FULL	100	100	100	100
	SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100	100	100	100
	SG AMERICAS SECURITIES, LLC	Broker	FULL	100	100	100	100
	SG AMERICAS, INC.	Financial Company	FULL	100	100	100	100
	SG CONSTELLATION, INC.	Financial Company	FULL	100	100	100	100
	SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
	SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
	SG MORTGAGE SECURITIES, LLC	Portfolio Management	FULL	100	100	100	100
	SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100	100	100	100
	SGAIH, INC.	Financial Company	FULL	100	100	100	100
(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	FULL	100	100	100	100
Finland							
	AXUS FINLAND OY	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET OY	Specialist Financing	FULL	63.85	63.85	80	80

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France							
	29 HAUSSMANN ÉQUILIBRE	Portfolio Management	FULL	87.1	87.1	87.1	87.1
	29 HAUSSMANN EURO RDT	Portfolio Management	FULL	58.1	58.1	58.1	58.1
	29 HAUSSMANN SELECTION EUROPE – K	Financial Company	FULL	45.23	45.23	45.23	45.23
	29 HAUSSMANN SELECTION MONDE	Portfolio Management	FULL	68.7	68.7	68.7	68.7
(6)	908 RÉPUBLIQUE	Real Estate and Real Estate Financing	ESI	32	0	40	0
	AIR BAIL	Specialist Financing	FULL	100	100	100	100
	AIX – BORD DU LAC – 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	AIX – BORD DU LAC – 4	Real Estate and Real Estate Financing	EJV	50	50	50	50
	ALD	Specialist Financing	FULL	79.82	79.82	79.82	79.82
(5)	ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	0	79.82	0	100
	ALFORTVILLE BAINADE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	AMUNDI CREDIT EURO – P	Financial Company	FULL	57.43	57.43	57.43	57.43
	ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	FULL	80	80	80	80
	ANTALIS SA	Financial Company	FULL	100	100	100	100
	ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
	ANTARIUS	Insurance	FULL	100	100	100	100
	ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
	AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	69.35	69.35	69.35	69.35
	BANQUE COURTOIS	Bank	FULL	100	100	100	100
	BANQUE FRANÇAISE COMMERCIALE Océan Indien	Bank	FULL	50	50	50	50
	BANQUE KOLB	Bank	FULL	99.97	99.97	99.97	99.97
	BANQUE LAYDERNIER	Bank	FULL	100	100	100	100
	BANQUE NUGER	Bank	FULL	100	100	100	100
	BANQUE POUYANNE	Bank	ESI	35	35	35	35
	BANQUE RHONE ALPES	Bank	FULL	99.99	99.99	99.99	99.99
	BANQUE TARNEAUD	Bank	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	BERLIOZ	Insurance	FULL	84.05	84.05	84.05	84.05
	BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100	100
	BOURSORAMA SA	Broker	FULL	100	100	100	100
	BREMANY LEASE SAS	Specialist Financing	FULL	79.82	79.82	100	100
	CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
	(2) CARRERA	Group Real Estate Management Company	EJV	0	50	0	50
	CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
	CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(5) CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	0	100	0	100
	COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
	COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
	CONTE	Group Real Estate Management Company	EJV	50	50	50	50
	CRÉDIT DU NORD	Bank	FULL	100	100	100	100
	DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94	89.94
	DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78	79.78
	DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34	78.34
	DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
	(6) ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	FULL	40.85	0	40.85	0
	ESNI - COMPARTIMENT SG - CREDIT CLAIMS -1	Financial Company	FULL	100	100	100	100
	ETOILE CAPITAL	Financial Company	FULL	100	100	100	100
	(3) ETOILE CLIQUET 90	Financial Company	FULL	0	73.52	0	73.52
	ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
	(6) ETOILE MULTI GESTION USA - PART P	Insurance	FULL	35.18	0	35.18	0
	(3) ETOILE VALEURS MOYENNES-C	Insurance	FULL	0	61.09	0	61.09
	F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100	100
	FCC ALBATROS	Portfolio Management	FULL	100	100	51	51

Country		Activity	Method*	Group ownership interest		Group voting interest		
				As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	(3)	FEEDER LYX E ST50 D5	Portfolio Management	FULL	0	100	0	100
		FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
	(3)	FEEDER LYXOR CAC 40	Financial Company	FULL	0	99.77	0	99.77
		FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100
	(6)	FEEDER LYXOR CAC40 D6	Insurance	FULL	100	0	100	0
		FEEDER LYXOR EURO STOXX 50 – D9	Financial Company	FULL	99.98	99.98	99.98	99.98
		FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	(5)	FINANCIERE UC	Real Estate and Real Estate Financing	FULL	0	100	0	100
		FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
		FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
		FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
		GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEBANQUE	Bank	FULL	100	100	100	100
		GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100
		GENECAR – SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
		GENECOMI FRANCE	Specialist Financing	FULL	99.64	99.64	99.64	99.64
		GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
		GENEFINANCE	Portfolio Management	FULL	100	100	100	100
		GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
		GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
		GENEPIERRE	Real Estate and Real Estate Financing	FULL	56.68	49.49	56.68	49.49
		GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
		ILOT AB	Real Estate and Real Estate Financing	FULL	80	80	80	80

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	IMMOBILIÈRE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
	JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	45	45	45
	(5) KOLB INVESTISSEMENT	Financial Company	FULL	0	100	0	100
	LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40	40
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34
	(2) LES CEDRES BLEUS	Real Estate and Real Estate Financing	ESI	0	40	0	40
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	100	100	100	100
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
	L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France							
	LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	LYX ACT EURO CLIMAT-D3EUR	Insurance	FULL	100	0	100	0
(6)	LYX ACT EURO CLIMAT-DEUR	Insurance	FULL	100	0	100	0
(6)	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	FULL	100	0	100	0
(4)	LYXOR ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
	LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
(4)	LYXOR INTERMEDIATION	Broker	FULL	0	100	0	100
(4)	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	0	100	0	100
	LYXOR SKYFALL FUND	Insurance	FULL	88.98	88.98	88.98	88.98
	MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ONYX	Group Real Estate Management Company	EJV	50	50	50	50
	OPCI SOGÉCAP IMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
(5)	OPERA 72	Group Real Estate Management Company	FULL	0	99.99	0	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
	PACTIMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100	100
(5)	PARCOURS IMMOBILIER	Specialist Financing	FULL	0	79.82	0	100
	PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS TOURS	Specialist Financing	FULL	79.82	79.82	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	PAREL	Services	FULL	100	100	100	100
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
	PIERRE PATRIMOINE	Financial Company	FULL	100	100	100	100
	PRAGMA	Real Estate and Real Estate Financing	FULL	100	100	100	100
	PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
	PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
	PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60	60
	(6) RED & BLACK AUTO LEASE FRANCE 1	Financial Company	FULL	79.82	0	100	0
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
	RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100	100
	RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SARL BORDEAUX - 20-26 RUE DU COMMERCE (Ex- SCI BORDEAUX - 20-26 RUE DU COMMERCE)	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(2) SARL CS 72 - KERIADENN	Real Estate and Real Estate Financing	ESI	0	32.5	0	32.5
	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	(2) SARL DE LA CÔTE D'OPALE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
	SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS AMIENS – AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SAS BONDUES – COEUR DE BOURG	Real Estate and Real Estate Financing	ESI	20	20	25	25
	SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	75	75	75	75
	SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	90	90	90	90
	SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
	SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SAS NOAHO AMENAGEMENT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SAS NOYALIS	Real Estate and Real Estate Financing	ESI	28	28	28	28
	SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	49	49	49
	SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS PAYSAGES	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4
	SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	41	41	41
	SAS SCENES DE VIE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS SOAX PROMOTION	Real Estate and Real Estate Financing	FULL	58.5	51	58.5	51
	SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SAS TOUR D2	Real Estate and Real Estate Financing	IP	50	50	50	50
	(6) SAS VILLENEUVE D'ASCQ – RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	EJV	40	0	50	0
(3) SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	0	51	0	51	

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
	SCCV BAC GALLIENI	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	(6) SCCV BOURG BROU	Real Estate and Real Estate Financing	FULL	60	0	60	0
	SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6) SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	FULL	67	0	67	0
	(3) SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	(6) SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	FULL	100	0	100	0
	SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCCV COMPIEGNE – RUE DE L'EPARGNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	FULL	60	0	60	0
(6)	SCCV DUNKERQUE PATINOIRE DÉVELOPPEMENT	Real Estate and Real Estate Financing	EJV	40	0	50	0
	SCCV EPRON – ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	ESI	25	0	25	0
	SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	FULL	85	85	85	85
	SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
(3)	SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	0	35	0	35
(6)	SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	FULL	70	0	70	0
	SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCCV LA BAULE – LES JARDINS D’ESCOUBLAC	Real Estate and Real Estate Financing	ESI	25	25	25	25
(6)	SCCV LA MADELEINE – PRE CATELAN	Real Estate and Real Estate Financing	FULL	40.8	0	51	0
	SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
	SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV LES PATIOS D’OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
	SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	40	40	50	50
(6)	SCCV L’IDEAL – MODUS 1.0	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV LILLE – JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4	33.4
	SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	35	35	35
(2)	SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	0	64	0	80

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SCCV MEHUL	Real Estate and Real Estate Financing	FULL	70	70	70	70
	(3) SCCV MERIGNAC 53-55 AVENUE LEON BLUM	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV MONS EQUATION	Real Estate and Real Estate Financing	FULL	40	40	50	50
	SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	80	80	80	80
	(3) SCCV NATUREO	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(6) SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	FULL	60	0	60	0
	SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV ROMAINVILLE DUMAS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	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	40	40	50	50
	SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	EJV	50	0	50	0
	SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	95	95	95	95
	SCCV TASSIN – 190 CDG	Real Estate and Real Estate Financing	ESI	35	35	35	35
(6)	SCCV TRETTS CASSIN LOT 4	Real Estate and Real Estate Financing	FULL	70	0	70	0
	SCCV VERNAISON – RAZAT	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV VERNONNET – FIESCHI	Real Estate and Real Estate Financing	FULL	51	0	51	0
	SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
(6)	SCCV VILLA VALERIANE	Real Estate and Real Estate Financing	ESI	30	0	30	0
(6)	SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	EJV	40	40	50	50

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	EJV	40	0	50	0
	SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
	SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50	50
	SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
(3)	SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	0	35	0	35
	SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
(3)	SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	0	68	0	85

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France							
	SCI LA MANTILLA COMMERCE	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40	40
	SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES BAINOTS	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI LIEUSAINTE RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	70	70	70

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCI LOCMINE- LAMENNAIS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60	60
	SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(3) SCI QUINTESSANCE-VALESCURE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	(3) SCI RSS INVESTIMMO COTE BASQUE	Real Estate and Real Estate Financing	ESI	0	20	0	20
	SCI SAINT OUEN L'AUMONE - L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38	38
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI VELRI	Group Real Estate Management Company	EJV	0	50	0	50
	SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SEFIA	Specialist Financing	FULL	99.89	99.89	100	100
	SERVIPAR	Specialist Financing	FULL	79.82	79.82	100	100
	SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
	SG ACTIONS EURO	Insurance	FULL	47.75	47.75	47.75	47.75
	SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
(3)	SG ACTIONS EURO VALUE-C	Insurance	FULL	0	64.94	0	64.94
	SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14	38.14
	SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25	84.25
(6)	SG ACTIONS MONDE	Insurance	FULL	67.59	0	67.59	0
	SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05	60.05
	SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06	65.06
	SG ACTIONS US TECHNO	Insurance	FULL	85.08	85.08	85.08	85.08
	SG CAPITAL DÉVELOPPEMENT	Portfolio Management	FULL	100	100	100	100
	SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SG FLEXIBLE	Portfolio Management	FULL	92.48	92.48	92.48	92.48
(3)	SG LYXOR GOVERNMENT BOND FUND	Portfolio Management	FULL	0	100	0	100
(3)	SG LYXOR LCR FUND	Portfolio Management	FULL	0	100	0	100
	SG OBLIG ÉTAT EURO-R	Insurance	FULL	79.94	79.94	79.94	79.94
	SG OBLIGATIONS	Insurance	FULL	82.92	82.92	82.92	82.92
	SG OPCIMMO	Real Estate and Real Estate Financing	FULL	97.95	97.95	97.95	97.95
	SG OPTION EUROPE	Broker	FULL	100	100	100	100
	SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
(6)	SGA AXA IM US CORE HY LOW CARBON	Insurance	FULL	100	0	100	0
(6)	SGA AXA IM US SD HY LOW CARBON	Insurance	FULL	100	0	100	0
(6)	SGA INFRASTRUCTURES	Insurance	FULL	100	0	100	0
	SGB FINANCE 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	Insurance	FULL	100	100	100	100
	SGI 1-5 ASTORG	Insurance	FULL	100	100	100	100
	SGI HOLDING SIS	Group Real Estate Management Company	FULL	100	100	100	100
	SGI PACIFIC	Insurance	FULL	86.17	86.17	89.53	89.53
(6)	SHINE	Financial Company	FULL	80.6	0	80.6	0
	SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
(2)	SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	0	33.33	0	33.33
	SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France							
	SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
(2)	SOCIETE « LES PINSONS »	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANÇAISE (CALIF)	Bank	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
	SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
	SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	ESI	28	28	28	28
	SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
(3)	SOCIETE CIVILE IMMOBILIERE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	0	25	0	25
(3)	SOCIETE CIVILE IMMOBILIERE ERICA	Real Estate and Real Estate Financing	ESI	0	30	0	30
	SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIETE CIVILE IMMOBILIERE FONTENAY – ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100	100
	SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91	99.91
	SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99.98	99.98	100	100
	SOCIETE DU PARC D'ACTIVITE DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	(5) SOCIETE EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SOCIETE FINANCIERE D'ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE	Bank	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER « SOGEBAIL »	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE GENERALE SCF	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE SFH	Specialist Financing	FULL	100	100	100	100
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100	

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	(5) SOCIETE IMMOBILIERE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100
	(6) SOFIDY CONVICTIONS IMMOBILIERES	Insurance	FULL	35.1	0	35.1	0
	SOGÉ BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	99.99	100	100
	SOGÉ PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉ PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉ PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉ PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉACT.SELEC.MON.	Portfolio Management	FULL	99.78	99.78	99.78	99.78
	SOGÉCAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉCAP	Insurance	FULL	100	100	100	100
	SOGÉCAP – DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	SOGÉCAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
	SOGÉCAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	100	100	100
	SOGÉCAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
	SOGÉCAP IMMO 2	Insurance	FULL	89.39	89.39	90.84	90.84
	SOGÉFIM HOLDING	Portfolio Management	FULL	100	100	100	100
	SOGÉFIMUR	Specialist Financing	FULL	100	100	100	100
	SOGÉFINANCEMENT	Specialist Financing	FULL	100	100	100	100
	SOGÉFINERG FRANCE (Ex- SOGÉFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE)	Specialist Financing	FULL	100	100	100	100
	SOGÉFONTENAY	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉLEASE FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGÉMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
	SOGÉPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
	SOGÉPIERRE	Financial Company	FULL	100	100	100	100
	SOGÉPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
SOGÉPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	100	

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France	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 CÔTE D'AZUR (Ex- RIVAPRIM)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM REALISATIONS (Ex- SOGEPROM HABITAT)	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGESSUR	Insurance	FULL	100	100	100	100
	SOGEVIMMO	Group Real Estate Management Company	FULL	85.55	85.55	85.55	85.55
	ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	50	50	50	50
	STAR LEASE	Specialist Financing	FULL	100	100	100	100
	(2) STRACE	Real Estate and Real Estate Financing	ESI	0	20	0	20
	TEMSYS	Specialist Financing	FULL	79.82	79.82	100	100
(6) TREEZOR SAS	Financial Company	FULL	100	0	100	0	
URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100	

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
France							
	VALMINVEST	Group Real Estate Management Company	FULL	100	100	100	100
	VG PROMOTION	Real Estate and Real Estate Financing	ESI	35	35	35	35
	VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	EJV	50	50	50	50
	VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana							
	SOCIETE GENERALE GHANA LIMITED	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar							
	HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
Greece							
	ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	79.82	79.82	100	100
Guinea							
	SOCIETE GENERALE GUINEE	Bank	FULL	57.94	57.94	57.94	57.94
Equatorial Guinea							
	SOCIETE GENERALE DE BANQUES EN GUINÉE ÉQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong							
	SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
(6)	SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	0	100	0
(6)	SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	0	100	0
	SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
	SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
	SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
(1)	SG HONG KONG	Bank	FULL	100	100	100	100
	SG LEASING (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
(2)	SG SECURITIES (HK) NOMINEES LTD.	Broker	FULL	0	100	0	100
	SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
(1)	SGL ASIA HK	Real Estate and Real Estate Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Hong Kong	SOCIETE GENERALE ASIA LTD.	Financial Company	FULL	100	100	100	100
	TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
(2)	TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Company	FULL	0	100	0	100
	TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary	ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	79.82	79.82	100	100
Jersey Island	ELMFORD LIMITED	Services	FULL	100	100	100	100
	HANOM I LIMITED	Financial Company	FULL	100	100	100	100
	HANOM II LIMITED	Financial Company	FULL	100	100	100	100
	HANOM III LIMITED	Financial Company	FULL	100	100	100	100
	J D CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
	KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100	100
(7)	LYXOR MASTER FUND	Financial Company	FULL	100	100	100	100
(2)	NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	0	100	0	100
(2)	SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	0	100	0	100
	SG HAMBROS NOMINEES (JERSEY) LIMITED	Financial Company	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
	SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
	SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
Isle of Man	KBBIOM LIMITED	Bank	FULL	50	50	50	50
	KBTIOM LIMITED	Bank	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Guernsey Island							
(2)	ARAMIS II SECURITIES CO, LTD.	Financial Company	FULL	0	100	0	100
	CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
(2)	GRANGE NOMINEES LIMITED	Bank	FULL	0	100	0	100
(2)	GUERNSEY FINANCIAL ADVISORY SERVICES LIMITED	Bank	FULL	0	100	0	100
(2)	GUERNSEY NOMINEES LIMITED	Bank	FULL	0	100	0	100
	HAMBROS (GUERNSEY NOMINEES) LTD.	Services	FULL	100	100	100	100
	HTG LIMITED	Services	FULL	100	100	100	100
(2)	K.B. (C.I.) NOMINEES LIMITED	Bank	FULL	0	100	0	100
	KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
(2)	MISON NOMINEES LIMITED	Bank	FULL	0	100	0	100
(1)	SG KLEINWORT HAMBROS BANK (CI) LIMITED, GUERNSEY BRANCH (Ex- SG HAMBROS BANK (CHANNEL ISLANDS) LTD. GUERNSEY BRANCH)	Bank	FULL	100	100	100	100
India							
	ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG MUMBAI	Bank	FULL	100	100	100	100
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA (Ex-SOCIETE GENERALE GLOBAL SOLUTION CENTRE)	Services	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland							
	ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	79.82	79.82	100	100
(3)	IRIS II SPV DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	0	100	0	100
(6)	IRIS SPV PLC SERIES MARK	Financial Company	FULL	100	0	100	0
	IRIS SPV PLC SERIES SOGÉCAP	Financial Company	FULL	100	100	100	100
(5)	MERRION FLEET FINANCE LIMITED	Financial Company	FULL	0	79.82	0	100
	MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	NB SOG EMER EUR – I	Financial Company	FULL	100	100	100	100
(1)	SG DUBLIN	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	100	100	100	100
	SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD.	Financial Company	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Italy							
	ALD AUTOMOTIVE ITALIA SRL	Specialist Financing	FULL	79.82	79.82	100	100
	FIDITALIA S.P.A.	Specialist Financing	FULL	100	100	100	100
	FRAER LEASING S.P.A.	Specialist Financing	FULL	75.02	73.85	75.02	73.85
	SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
	SG FACTORING S.P.A.	Specialist Financing	FULL	100	100	100	100
	SG LEASING S.P.A.	Specialist Financing	FULL	100	100	100	100
(1)(6)	SG LUXEMBOURG ITALIAN BRANCH	Specialist Financing	FULL	100	0	100	0
(1)	SG MILAN	Bank	FULL	100	100	100	100
(1)	SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
(1)	SOGESSUR SA	Insurance	FULL	100	100	100	100
Japan							
(1)	SG TOKYO	Bank	FULL	100	100	100	100
	SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED (Ex- LYXOR ASSET MANAGEMENT JAPAN CO LTD.)	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia							
	ALD AUTOMOTIVE SIA	Specialist Financing	FULL	59.86	59.86	75	75
Lithuania							
	UAB ALD AUTOMOTIVE	Specialist Financing	FULL	59.86	59.86	75	75
Luxembourg							
	ALD INTERNATIONAL SERVICES SA	Specialist Financing	FULL	79.82	79.82	100	100
	AXUS LUXEMBOURG SA	Specialist Financing	FULL	79.82	79.82	100	100
	BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
	CODEIS COMPARTIMENT A0084	Insurance	FULL	100	100	100	100
	CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
	CODEIS SECURITIES SA	Financial Company	FULL	100	100	100	100
	COVALBA	Financial Company	FULL	100	100	100	100
(2)	FIDELITY FUNDS EUR HY IQ – LU0954694930	Insurance	FULL	0	49.6	0	49.6
	GOLDMAN SACHS 2 G EM M DBP ID	Financial Company	FULL	100	100	100	100
	IVEFI SA	Financial Company	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Luxembourg	LYXOR EURO 6M – CLASS SI	Insurance	FULL	64.37	64.37	64.37	64.37
(4)	LYXOR FUND SOLUTIONS (Ex- LYXOR FUNDS SOLUTIONS)	Financial Company	FULL	0	100	0	100
(6)	MOOREA GLB BALANCED	Insurance	FULL	68.08	0	68.08	0
	PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	RED & BLACK AUTO LEASE GERMANY 2 SA	Financial Company	FULL	79.82	79.82	100	100
	RED & BLACK AUTO LEASE GERMANY SA (Ex- RED & BLACK AUTO LEASE GERMANY SA N°7)	Real Estate and Real Estate Financing	FULL	79.82	79.82	100	100
	SALINGER SA	Bank	FULL	100	100	100	100
	SG ISSUER	Financial Company	FULL	100	100	100	100
	SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100	100
	SGBT CI	Financial Company	FULL	100	100	100	100
	SGL ASIA	Real Estate and Real Estate Financing	FULL	100	100	100	100
(6)	SGL RE	Insurance	FULL	100	0	100	0
	SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
	SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
	SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100	100
	SOCIETE GENERALE LUXEMBOURG	Bank	FULL	100	100	100	100
	SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT 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
	SOGE LIFE	Insurance	FULL	100	100	100	100
(6)	SPIRE SA – COMPARTIMENT 2021-51	Insurance	FULL	100	0	100	0
	SURYA INVESTMENTS SA	Specialist Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Madagascar							
	BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70	70	70	70
Malta							
	LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	100	100	100	100
	LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	100	100	100	100
Morocco							
	ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	36.58	36.58	50	50
	ATHENA COURTAGE	Insurance	FULL	58.23	58.2	99.9	99.9
	FONCIMMO	Group Real Estate Management Company	FULL	57.65	57.62	100	100
	LA MAROCAINE VIE	Insurance	FULL	79.23	79.21	99.98	99.98
	SG MAROCAINE DE BANQUES	Bank	FULL	57.65	57.62	57.65	57.62
	SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER « EQDOM »	Specialist Financing	FULL	30.97	30.95	53.72	53.72
	SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.65	57.62	100	100
	SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.62	57.59	99.94	99.94
	SOGECAP ITAL GESTION	Financial Company	FULL	57.62	57.59	99.94	99.94
	SOGECAP ITAL PLACEMENT	Portfolio Management	FULL	57.62	57.59	99.94	99.94
(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.65	57.62	100	100
Mauritius							
	SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mexico							
	ALD AUTOMOTIVE SA DE CV	Specialist Financing	FULL	79.82	79.82	100	100
	ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	79.82	79.82	100	100
	SGFP MEXICO, SA DE CV	Financial Company	FULL	100	100	100	100
Monaco							
(1)(2)	CRÉDIT DU NORD – MONACO	Bank	FULL	0	100	0	100
(1)(2)	SMC MONACO	Bank	FULL	0	100	0	100
	SOCIETE DE BANQUE MONACO	Bank	FULL	100	100	100	100
(1)	SOCIETE GENERALE (SUCCURSALE MONACO)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100	100	100	100
Norway							
	ALD AUTOMOTIVE AS	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET AS	Specialist Financing	FULL	63.85	63.85	80	80
New Caledonia							
	CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
	SOCIETE GENERALE CALÉDONIENNE DE BANQUE	Bank	FULL	90.1	90.1	90.1	90.1

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Netherlands							
	ALVARENGA INVESTMENTS BV	Specialist Financing	FULL	100	100	100	100
	ASTEROLD BV	Financial Company	FULL	100	100	100	100
	AXUS FINANCE NL BV	Specialist Financing	FULL	79.82	79.82	100	100
	AXUS NEDERLAND BV	Specialist Financing	FULL	79.82	79.82	100	100
	BRIGANTIA INVESTMENTS BV	Financial Company	FULL	100	100	100	100
	CAPEREA BV	Specialist Financing	FULL	100	100	100	100
(2)	COPARER HOLDING	Group Real Estate Management Company	FULL	0	100	0	100
	HERFSTTAFEL INVESTMENTS BV	Specialist Financing	FULL	100	100	100	100
	HORDLE FINANCE BV	Financial Company	FULL	100	100	100	100
	MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
	SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
	SOGLEASE BV	Specialist Financing	FULL	100	100	100	100
	SOGLEASE FILMS	Specialist Financing	FULL	100	100	100	100
	TYNEVOR BV	Financial Company	FULL	100	100	100	100
Peru							
(6)	ALD AUTOMOTIVE PERU SAC	Specialist Financing	FULL	79.82	0	100	0
Poland							
	ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	79.82	79.82	100	100
	SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
(1)	SOCIETE GENERALE 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 POLYNÉSIE	Bank	FULL	72.1	72.1	72.1	72.1
	SOGLEASE BDP « SAS »	Specialist Financing	FULL	72.1	72.1	100	100
Portugal							
	SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENS SA	Specialist Financing	FULL	79.82	79.82	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Czech Republic							
	ALD AUTOMOTIVE SRO	Specialist Financing	FULL	79.82	79.82	100	100
	ESSOX SRO	Specialist Financing	FULL	80	80	100	100
	FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
	KB PENZIJNI SPOLECNOST, A.S.	Financial Company	FULL	60.73	60.73	100	100
	KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
	KB SMARTSOLUTIONS, SRO	Bank	FULL	60.73	60.73	100	100
	KOMERČNI 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 SRO	Specialist Financing	FULL	80.33	80.33	100	100
	SOGEPROM CESKA REPUBLIKA SRO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM MICHLE SRO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	STD2, SRO (Ex- STD2, A.S.)	Group Real Estate Management Company	FULL	60.73	60.73	100	100
	VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
	WORLDLINE CZECH REPUBLIC SRO	Services	ESI	0.61	0.61	40	40
Romania							
	ALD AUTOMOTIVE SRL	Specialist Financing	FULL	75.89	75.89	100	100
	BRD – GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.17	60.15	100	99.97
	BRD FINANCE IFN SA	Financial Company	FULL	80.48	80.48	100	100
	BRD SOGELEASE IFN SA (Ex- S.C. BRD SOGELEASE IFN SA)	Specialist Financing	FULL	60.17	60.17	100	100
	S.C. ROGARIU IMOBILIARE SRL	Real Estate and Real Estate Financing	FULL	75	75	75	75
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA (Ex- SOCIETE GENERALE EUROPEAN BUSINESS SERVICES SA)	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 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
United Kingdom							
	ACR	Financial Company	FULL	100	100	100	100
	ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
(1)	BRIGANTIA INVESTMENTS BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
	FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
	FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
(1)	HORDLE FINANCE BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
	JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
	KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
	KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
	KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
	KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
	LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
(4)	LYXOR ASSET MANAGEMENT UK LLP	Financial Company	FULL	0	100	0	100
	ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	FULL	100	100	100	100
	SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
	SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS TRUST COMPANY LIMITED	Financial Company	FULL	100	100	100	100
	SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
	SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	FULL	100	100	100	100
	SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
United Kingdom							
	SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING IX	Specialist Financing	FULL	100	100	100	100
(1)	SG LONDRES	Bank	FULL	100	100	100	100
	SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
	SOCIETE GENERALE INVESTMENTS (UK) LIMITED	Financial Company	FULL	100	100	100	100
	STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
(1)(2)	TH INVESTMENTS (HONG KONG) 2 LIMITED (UK BRANCH)	Financial Company	FULL	0	100	0	100
(1)	TYNEVOR BV (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation							
	ALD AUTOMOTIVE OOO	Specialist Financing	FULL	79.82	79.82	100	100
	CLOSED JOINT STOCK COMPANY SG FINANCE	Specialist Financing	FULL	99.97	99.97	100	100
(2)	CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Company	FULL	0	99.97	0	100
	LLC RUSFINANCE	Bank	FULL	99.97	99.97	100	100
(5)	LLC RUSFINANCE BANK	Bank	FULL	0	99.97	0	100
	LLC TELSUCOM	Services	FULL	99.97	99.97	100	100
	PJSC ROSBANK	Bank	FULL	99.97	99.97	99.97	99.97
	RB CAPITAL ASSET MANAGEMENT LIMITED LIABILITY COMPANY	Real Estate and Real Estate Financing	FULL	99.97	99.97	100	100
	RB FACTORING LLC	Specialist Financing	FULL	99.97	99.97	100	100
	RB LEASING LLC	Specialist Financing	FULL	99.97	99.97	100	100
	RB SERVICE LLC	Group Real Estate Management Company	FULL	99.97	99.97	100	100
	RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	99.97	99.97	100	100
(6)	RB TRADING LIMITED LIABILITY COMPANY	Specialist Financing	FULL	99.97	0	100	0
	SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	99.99	99.99	100	100
	SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.99	99.99	100	100

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Senegal							
	SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia							
	ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	79.82	79.82	100	100
Singapore							
	SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
	SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
	SG TRUST (ASIA) LTD.	Financial Company	FULL	100	100	100	100
Slovakia							
	ALD AUTOMOTIVE SLOVAKIA SRO	Specialist Financing	FULL	79.82	79.82	100	100
	ESSOX FINANCE SRO	Specialist Financing	FULL	80	80	100	100
(1)	KOMERČNI BANKA SLOVAKIA	Bank	FULL	60.73	60.73	100	100
(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC SRO ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia							
	ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	79.82	79.82	100	100
Sweden							
	ALD AUTOMOTIVE AB	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET AB	Specialist Financing	FULL	63.85	63.85	80	80
(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland							
	ALD AUTOMOTIVE AG	Specialist Financing	FULL	79.82	79.82	100	100
	SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
(1)	SG ZURICH	Bank	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE BANKING (SUISSE) 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

Country	Activity	Method*	Group ownership interest		Group voting interest		
			As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Chad							
	SOCIETE GENERALE TCHAD	Bank	FULL	56.86	56.86	67.83	67.83
Thailand							
	SOCIETE GENERALE SECURITIES (THAILAND) LTD.	Broker	FULL	100	100	100	100
Togo							
(1)	SOCIETE GENERALE TOGO	Bank	FULL	93.43	93.43	100	100
Tunisia							
	UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34
Turkey							
	ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine							
	ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	79.82	79.82	100	100

* FULL: Full consolidation – JO: Joint Operation – EJV: Equity (Joint Venture) – ESI: Equity (significant influence) – EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).

- (1) Branches.
- (2) Entities wound up.
- (3) Removal from the scope (loss of control or significant influence).
- (4) Entities sold.
- (5) Merged.
- (6) Newly consolidated.
- (7) Including 30 funds.
- (8) Wind up in process.

Additional information related to the consolidation scope and equity investments as required by the Regulation 2016-09 of the Autorité des Normes Comptables (ANC, the French Accounting standard setter), dated 2 December 2016 is available on Societe Generale Group website at: <https://investors.societegenerale.com/en/publications-documents>.

NOTE 8.6 Fees paid to Statutory Auditors

The consolidated financial statements of Societe Generale Group are certified jointly by Ernst & Young et Autres, represented by M. Micha Missakian, on the one hand; and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler, on the other hand.

On the proposal of the Board of Directors and following the recommendation of the Audit and Internal Control Committee of Societe Generale (CACI), the Annual General Meeting held on 23 May 2018 renewed the mandates of Ernst & Young et Autres and of Deloitte et Associés, for six years.

In accordance with the European Regulation on the audit reform, the CACI implements a specific approval policy of the non-audit

services of Statutory Auditors ("SACC") and their network by to verify its compliance before to the launch of the mission.

A synthesis of the SACC (approved or refused) is presented to every session of the CACI.

The fees by type of mission (audit or non-audit) are submitted to an annual review by the CACI.

Lastly, the Finance Departments of the Entities and Business divisions annually appraise the quality of the audits performed by Deloitte et Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the CACI.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

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

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

(2) Including Deloitte network: EUR 11 million.

The non-audit services provided by Statutory Auditors this year mainly consisted of missions of compliance review with regard to the regulatory requirements, missions of internal control within the framework of respect of ISAE standards (International Standard on Assurance Engagement), agreed upon procedures, and then

complementary audits within the scope of issuing of certificates or Declaration of Non-Financial Performance (DNPF). They include also non-audit services expressly and exclusively entrusted to the Statutory Auditors for EUR 0.4 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 the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, on 23 September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'État*) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale Group will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.
 - Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale's arguments relating to service of the claims issued against Goldas, which are therefore time-barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Societe Generale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers.
 - In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Échange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.
- On 20 September 2010, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. On 2 December 2021, after several years of proceedings and two decisions of the Supreme Court, the Paris Court of Appeal overturned the decision of the French competition authority and ruled that (i) it was not proven that the establishment of the CEIC and the fees for related services on AOC (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 approximately EUR 53.5 million for Societe Generale and approximately EUR 7 million for Crédit du Nord, together with interests at the legal rate. On 31 December 2021, the French competition authority filed an appeal before the Supreme court against this decision.
- In August 2009, Societe Generale Private Banking (Switzerland) ("SGPBS"), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the Southern District of Texas.

On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgment seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.

On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS's and OSIC's motions.

- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter") and the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see Chapter 4.11 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 are effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit ("Second Circuit"). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. These reinstated claims include those asserted by a proposed class of over-the-counter (OTC) plaintiffs and by OTC plaintiffs that have filed individual actions.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal

and reinstated the claims. On 30 September 2021, the District Court dismissed plaintiffs' Racketeer Influenced and Corrupt Organizations Act claims but upheld plaintiffs' antitrust and state law claims against Societe Generale. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants' motion for judgment on the pleadings and dismissed plaintiffs' remaining claims. Plaintiff has appealed to the Second Circuit.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal and denied defendants' motion which sought dismissal of the appeal because the original proposed class representatives withdrew from the action.
- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. On 7 November 2018, a group of individual entities that elected to opt out of the settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants. On 11 November 2020, Societe Generale was named, along with several other banks, in a UK action alleging collusion in the market for FX instruments. Societe Generale is defending the action.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) handed down two decisions confirming that the *précompte* tax which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the *précompte* tax claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts.

Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, which should not occur before the beginning of 2022.

- Societe Generale, along with other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. Societe Generale, along with three other defendants, has reached a settlement to resolve this action for USD 50 million. By order dated 13 January 2022, the Court granted preliminary approval of the settlement. The final fairness hearing has been scheduled for 5 August 2022. Although Societe Generale's share of the settlement is not public, it was not material from a financial perspective. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. Societe Generale is defending the claims.
- Since August 2015, various former and current employees of 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 are responding to the requests of the German authorities.

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

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of "agency bonds" issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). On 16 June 2020, SGAS and twelve other bank defendants reached a final settlement with plaintiffs. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS was also named in four separate individual opt-out litigations by the following plaintiffs: the State of Louisiana (filed September 2019), the City of Baton Rouge/East Baton Rouge Parish and related entities (October 2019), Louisiana Asset Management Pool (April 2020), and the City of New Orleans and related entities (September 2020). These suits also asserted antitrust claims (and in some cases other related claims) against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. As to the opt-out litigations, a settlement was reached involving all defendants in June 2021, of which SGAS's share was immaterial, and these actions have been dismissed. SGAS also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS responded to these requests and is cooperating with the DOJ investigation.
- Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case is now before the Bankruptcy Court for further proceedings.

- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (*Libertad*) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiffs claim damages from Societe Generale under the terms of this statute. Plaintiffs filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but has permitted plaintiffs to replead their claims.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court has given plaintiffs the opportunity to replead their claims. On 16 March 2021, Societe Generale was named as a defendant, together with another bank, in a nearly identical Helms-Burton litigation filed in the US District Court in Manhattan (Pujol II) by the personal representative of one of the purported heirs to Banco Pujol who is also a plaintiff in Pujol I. The deadline for the defendants to respond to the complaint in Pujol II has been stayed pending the next steps in Pujol I.
- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. On 1 November 2021, a motion to dismiss on a variety of grounds was filed. Thereafter, the parties stipulated to the voluntary dismissal with prejudice of the action, with each party bearing its own costs. By order dated 2 December 2021, the court dismissed the action.
- On 15 October 2020, Vestia brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which Vestia contracted derivative products with Societe Generale between 2008 and 2011. Vestia claims that these transactions were outside of its capacity and alleges they were induced by corruption. Vestia seeks to rescind the transactions and recover the amounts paid to Societe Generale pursuant to these transactions. On 8 January 2021, Societe Generale filed its Statement of Defence and Counterclaim. On 11 October 2021, Societe Generale and Vestia reached an agreement to settle this dispute without any admission of liability for Societe Generale.
- On 1 June 2021, a shareholder of Societe Generale initiated an action designated by him as a "derivative action" (*action ut singuli*) before the Commercial Court of Paris against the CEO of the Company (*Directeur général*), Mr. Frédéric Oudéa. The plaintiff is seeking an order that Mr. Oudéa pay to Societe Generale an amount equal to fines paid to the US and French treasuries under the *convention judiciaire d'intérêt public* of 24 May 2018 between Societe Generale and the Financial Public Prosecutor (the "CJIP") and the Deferred Prosecution Agreement of 5 June 2018 between Societe Generale and the United States Department of Justice (the "DPA").
Societe Generale voluntarily joined these proceedings at the first procedural hearing in order to seek the dismissal of the claims made by the plaintiff. Thereafter, the plaintiff filed a brief asking the court to dismiss the case with prejudice, and the parties asked the court to put an end to these proceedings. By order dated 15 February 2022, the Commercial Court of Paris therefore took note of the termination of the proceedings. This case is now definitively closed.
- In the context of the sale of its Polish subsidiary Euro Bank to Bank Millennium on 31 May 2019 and of the indemnity granted to the latter against certain risks, Societe Generale continues to monitor the evolution of court cases related to CHF-denominated or CHF-indexed loans issued by Euro Bank.
- Like other operators in the Paris marketplace, Societe Generale is subject to a tax review of its equity market transactions. Discussions with the administration are continuing.

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, 2021

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, 2021.

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, 2021 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, 2021 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 Note 1.7 to the consolidated financial statements on the restatements made this year compared to the 2020 published consolidated financial statements, which describes the impacts of:

- corrections following the review of financial asset and liability offsetting;
- adoption of the IFRS IC decision of April 20, 2021 regarding IAS 19.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under

special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

ASSESSMENT OF THE IMPAIRMENT OF CUSTOMER LOANS

Risk identified

Customer loans and receivables carry a credit risk which exposes the Société Générale Group to a potential loss if its client or counterparty is unable to meet its financial commitments. The Société Générale Group recognizes impairment 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 global crisis tied to the Covid-19 pandemic, notably to:

- 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;
- prepare, in an uncertain environment, macro-economic projections which are embedded in the deterioration criteria and in the expected credit losses measurement;
- 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, 2021, total customer loan outstandings exposed to credit risk totaled M€ 497,164; impairment totaled M€ 10,980.

We considered 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 response

With the support of specialists in risk management and modelling, and the economists from our firms included in the audit team, we focused our work on the most significant customer loan outstandings and portfolios, as well as on the economic sectors and geographic areas the most affected by the crisis.

We obtained an understanding of the Société Générale Group's governance and internal control system relating to credit risk appraisal and the measurement of expected losses and tested the manual and automated key controls.

Our audit work notably consisted in:

- 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 the relevance of the macro-economic projections and the scenario weightings applied by the Société Générale Group;
- examining the main parameters adopted by the Société Générale Group to classify the loans and assess impairment in stages 1 and 2 as at December 31, 2021, including adjustments performed to take account of the impact of economic support measures;
- 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 crisis;
- assessing, using data analysis tools, the assessment of expected credit losses for a sample of stage 1 and 2 loan portfolios;
- testing, as at December 31, 2021, 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 in the changing context of the pandemic and, in particular, the information required by IFRS 7, Financial instruments: Disclosures, on credit risk.

RECOVERABILITY OF DEFERRED TAX ASSETS IN FRANCE AND IN THE UNITED STATES OF AMERICA

Risk identified

As at December 31, 2021 deferred tax assets on tax loss carryforwards were recorded in an amount of M€ 1,719, including M€ 1,635 for the tax groups in France and the United States of America.

As stated in Note 6 "Income tax" to the consolidated financial statements, the Société Générale Group calculates deferred taxes at the level of each tax entity and recognizes deferred tax assets when it is considered probable that the 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, 2021, this timeframe is eight years for the France tax group and seven years for the United States of America tax group.

In addition, as stated in Note 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements, certain tax loss carryforwards are challenged by the French tax authorities and are therefore liable to be called into question.

Given the importance of the assumptions used to assess the recoverability of the deferred tax assets in France and the United States of America, notably on future taxable profits, and the judgment exercised by Management in this respect, we considered this issue to be a key audit matter.

Our response

Our audit approach consisted in assessing the probability that the Société Générale Group 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 and in the United States of America.

With the support of tax specialists, our work notably consisted in:

- comparing the projected results of the previous years with the actual results of the corresponding fiscal years, to assess the reliability of the tax business plan preparation process;
- obtaining an understanding of the 2022 budget drawn up by Management and approved by the Board of Directors, as well as of the assumptions underlying projections for the 2022-2025 period, which take into account the expected impacts of the France network merger;
- assessing the relevance of tax profit extrapolation methods after the 2022-2025 period;
- reviewing the assumptions underlying sensitivity tests in the event of adverse scenarios defined by the Société Générale Group;
- analyzing the sensitivity of the tax loss recovery period under a range of assumptions determined by us;
- analyzing the situation of the Société Générale Group, notably by taking note of the opinions of its external tax advisers regarding its tax loss carryforwards in France, partly challenged by the tax authorities.

We have also examined the information provided by the Société Générale Group concerning deferred tax assets disclosed in Notes 1.5 "Use of estimates and judgment", 6 "Income tax" and 9 "Information on risks and litigation" to the consolidated financial statements

PORTFOLIO-BASED INTEREST RATE RISK FAIR VALUE HEDGING OF OUTSTANDINGS OF THE RETAIL BANKING NETWORKS IN FRANCE

Risk identified

To manage the interest rate risk generated by its retail banking activities in France in particular, the Société Générale 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;
- and 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, 2021, the amount of hedged portfolio remeasurement differences was M€ 131 in assets and M€ 2,832 in liabilities. The fair value of the corresponding financial instruments is included under “Hedging derivative instruments” in assets and liabilities.

Given the documentation requirements for “macro-hedging” relationships, the volume of hedging derivative transactions and the use of Management judgment required, we consider the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings of the retail banking networks in France to be a key audit matter.

Our response

Our audit procedures in response to the risk relating to the accounting treatment of portfolio-based interest rate risk fair value hedging of outstandings (“macro-hedging”) consisted in obtaining an understanding of the procedures used to manage the structural interest rate risk, and reviewing the control environment set up by Management in particular for the documentation, identification and eligibility of hedged and hedging items, as well as for the performance of effectiveness tests.

With the support of financial modelling experts, where necessary, our work mainly consisted in:

- familiarizing ourselves with the accounting documentation of the hedging relationships;
- testing the eligibility of the financial assets and liabilities used by the Société Générale Group for the portfolio-based interest rate risk fair value hedge accounting, according to the terms and conditions defined by IAS 39 as adopted in the European Union;
- assessing the procedures used to prepare and control the criteria adopted to schedule the maturities of the hedged financial instruments, particularly with regard to the adopted maturities of the eligible financial liabilities;
- assessing the procedures used to determine the effectiveness of these hedging relationships, as well as the related governance;
- analyzing the external 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” to the consolidated financial statements and their compliance with IFRS 7 “Financial instruments: Disclosures” with regard to hedge accounting.

MEASUREMENT OF GOODWILL

Risk identified

The accounting recognition of external growth transactions leads the Société Générale Group to record goodwill in the asset side of the consolidated balance sheet. This goodwill represents the difference between the acquisition cost of the activities or securities of companies acquired and the share in identifiable net assets acquired and liabilities assumed at the acquisition date. As at December 31, 2021, the net value of goodwill was M€ 3,741, after impairment of the AFMO zone cash-generating unit (CGU) at December 30, 2021 for a total amount of M€ 114.

The Société Générale Group must determine the presence or absence of indications of loss in value on this goodwill, in particular its inclusion in forecasts made and variables used to update business plans, as well as in the terminal value calculation. The comparison of the net carrying amount of uniform business groupings allocated to CGUs, and their recoverable amount is a key component in assessing the potential need to record an impairment. The value in use of CGUs was calculated using the discounted cash flow method based on distributable profits calculated at CGU level.

As disclosed in Notes 1.5 “Use of estimates and judgment” and 2.2 “Goodwill” to the consolidated financial statements, the models and data used to value these CGUs are based on accounting estimates resulting from the exercise of Management judgment, notably concerning the following assumptions:

- future distributable profits of activities or companies acquired, whether 5-year budget forecasts or the extrapolation for an additional year to calculate the terminal value;
- discount and growth rates applied to forecast flows.

For this reason, we considered the measurement of goodwill to be a key audit matter.

Our response

Our audit approach is based on obtaining an understanding of control procedures relating to (i) goodwill impairment tests and (ii) the preparation of business plans, implemented within the Société Générale Group to assess future changes in structures and activities, and to identify indications of impairment loss on these assets.

Procedures on the financial statements for the year ended December 31, 2021, conducted with our valuation specialists, notably consisted in:

- assessing the way groupings of uniform businesses are determined and, where appropriate, change;
- analyzing the methodology applied in the current context;
- comparing prior year profit forecasts with actual results for the relevant years, to assess the reliability of the budget process;

- conducting a critical review of business plans prepared by Management and approved by the Board of Directors based on our knowledge of activities and of the assumptions adopted by Management beyond the five-year period to establish projections enabling the determination of terminal values;
- conducting a critical analysis of the main assumptions and parameters used (growth rate, cost of capital, discount rate) with regard to available internal and external information (macro-economic scenarios, financial analysts' consensus, etc.);
- independently recalculating the valuation of the CGUs;
- assessing the sensitivity analyses of results to change in key parameters, in particular when the recoverable amount is close to the net carrying amount.

We have also reviewed the information submitted by the Société Générale Group on goodwill, disclosed in Notes 1.5 "Use of estimates and judgment" Note 2.2 "Goodwill" to the consolidated financial statements

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS

Risk identified

Within the scope of its market activities, the Société Générale Group holds financial instruments for trading purposes. As at December 31, 2021, in this respect, M€ 222,934 are recognized in fair value levels 2 and 3 in the asset side, and M€ 302,669 are recognized in the liability side of the Société Générale Group's balance sheet, i.e. 56% and 95%, respectively, of financial assets and liabilities measured at fair value

To determine the fair value of these instruments, the Société Générale Group uses techniques or in-house valuation models based on parameters and data, some of which are not observable in the market, which can defer the recognition of the margin in the income statement for transactions involving such financial instruments, as stated in 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.

Due to the complexity of modelling in determining fair value, the multiplicity of models used, and the use of Management judgment in determining these fair values, we consider the valuation of complex financial instruments to be a key audit matter.

Our response

Our audit approach is based on the key internal control processes related to the valuation of complex financial instruments.

With the support of experts in the valuation of financial instruments included in the audit team, our work consisted in:

- obtaining an understanding of the procedure to authorize and validate new products and their valuation models, including the process for the entry of these models in the information systems;
- 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 relating reserves or value adjustments;

- testing the key controls relating to the independent verification of the valuation parameters, and analyzing certain market parameters used to provide input for the valuation models, by reference to external data;
- obtaining an understanding of the bank's analysis principles and performing tests of controls, on a sampling basis, as regards the process used to explain the changes in fair value; in addition, performing "analytical" IT procedures on the daily control data relating to certain activities;
- obtaining the quarterly results of the independent price verification process performed on the valuation models;
- obtaining the quarterly results of the valuation adjustment process using external market data, and analyzing the differences in parameters with the market data in the event of a significant impact, and the accounting treatment of such differences. Where there was no external data, we controlled the existence of reserves or the non-material nature of the related issues;
- performing counter-valuations of a selection of complex derivative financial instruments using our tools;
- analyzing the observability criteria, among others, used to determine the fair value hierarchy of such instruments, and to estimate deferred margin amounts and we compared the new methods adopted by the Société Générale Group to recognize these margins over time with the information presented in point 7 of Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements

We have also assessed the compliance of the methods underlying the estimates with the principles described in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

IT RISK RELATING TO MARKET ACTIVITIES

Risk identified

The Market Activities of the Global Banking & Investor Solutions division (GBIS) constitute an important activity, as illustrated by the significance of the financial instruments positions in Note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements.

This activity is highly complex given the nature of the financial instruments processed, the volume of transactions, and the use of numerous interfaced information systems. The risk of occurrence of a significant misstatement in the accounts related to an incident in the 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, the resurgence of the Covid-19 pandemic still requires all employees to work from home to ensure business continuity. The measures taken by the Société Générale Group in this respect exposed it to new risks, particularly those relating to the opening up of information systems to allow remote access to transaction processing applications.

To ensure the reliability of the accounts, it is therefore essential for Société Générale to master the controls relating to the management of the information systems. In this context, the IT risk relating to the Market Activities of the GBIS division constitutes a key audit matter.

Our response

Our audit approach for this activity is based on the controls related to the management of the information systems set up by Société Générale Group. With the support of specialists in information systems 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 the Société Générale Group on access rights, notably at sensitive periods in a professional career (recruitment, transfer, resignation, end of contract) with, where applicable, extended 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 the Société Générale Group to ensure the resilience of information systems in the context of the Covid-19 crisis. Our procedures consisted in discussions with the Société Générale Group's security teams and reviewing minutes of cybersecurity committee meetings, as well as any incidents during the period. Our procedures notably included an analysis of access derogations granted and validated by the security team.

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 relating to the Société Générale Group 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 (Code de commerce) 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.

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, 2021, Deloitte & Associés and ERNST & YOUNG et Autres were in their nineteenth and tenth 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.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability

to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit and Internal Control Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Paris-La Défense, March 9, 2022

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

Jean-Marc Mickeler

ERNST & YOUNG et Autres

Micha Missakian

APPENDIX 6

**FIRST AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT 2022
CONTAINING THE CONSOLIDATED FINANCIAL RESULTS OF
THE GUARANTOR FOR THE FIRST QUARTER ENDED 31 MARCH 2022**



A French corporation with share capital of 1,046,405,540 euros
Registered office: 29 boulevard Haussmann - 75009 PARIS
552 120 222 R.C.S. PARIS

FIRST AMENDMENT

TO UNIVERSAL REGISTRATION DOCUMENT

2022

Universal registration document filed with AMF on 9 March 2022 under N° D.22-0080.



This first amendment to the Universal Registration Document has been filed on 6 May 2022 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document.

The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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

SUMMARY

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1. KEY FIGURES AND PROFILE OF SOCIETE GENERALE

Recent developments and outlook

Update of the pages 14 and 15 of the 2022 Universal Registration Document

Prevailing uncertainty over events in Ukraine has sparked the return of volatility in financial markets since the beginning of 2022. Uncertainty regarding the consequences of the events in Ukraine is making it difficult to forecast the impact on the global economy and at Group level.

For its economic forecasts, the Group assumes that the conflict will remain contained in Ukraine and that the gas supply may be temporarily disrupted but will never be permanently and totally interrupted.

Based on those assumptions, an increase in oil prices of \$30 per barrel, over a full year should lead to a reduction of 1.0 to 1.5 percentage points in GDP growth in Europe, assuming no compensatory government measures. The average Brent price should remain slightly above \$100 per barrel in 2022 and \$90 in 2023, leading to a reduction of approximately 0.5 percentage points of GDP in the euro area in 2022 and 2023.

Global inflation should remain high on the back of higher energy prices. Given the inflationary pressures, the federal reserve in the United States has been fairly firm in its tightening rhetoric, while acknowledging high levels of uncertainty due to the geopolitical situation. In the euro area, inflationary pressures are less pronounced, giving the ECB more room for manoeuvre in the monetary tightening.

With regards to the regulatory landscape, the first quarter of 2022 was marked by reactionary measures to the situation in Ukraine, which resulted in several waves of extraordinary sanctions and numerous support measures for refugees and companies impacted by the war.

On 23 March 2022, the European Commission adopted a temporary crisis framework enabling Member States to use the flexibility foreseen under State aid rules to support their national economy and grant targeted support measures. In France, the existing support toolbox developed during the COVID-19 crisis was extended to help companies face the economic consequences of the conflict. A new form of State guarantee “Prêts Garantis par l’Etat Résilience” was launched, and “Prêts Participatifs Relance” will likely be maintained.

During the Covid-19 crisis, the European Commission, the European Central Bank (ECB) in its capacity as prudential supervisor, the European Banking Authority (EBA) and the High Council for Financial Stability (HCFS) used the flexibility of prudential regulations to act on the liquidity and solvency of banks. However, these regulatory adjustments progressively come to an end:

- the flexibility measure taken by the ECB to allow banks to have a Liquidity Coverage Ratio (LCR) below the regulatory threshold of 100% ended on 31 December 2021,
- given the strong credit dynamics, the HCFS has decided on 7 April 2022 to engage towards the normalization of the counter-cyclical capital buffer and raise its rate for France from 0% to 0.5% starting from 7 April 2023.

Beyond the prevailing conjunctural economic conditions, several structural regulatory projects aim to strengthen the prudential framework, support environmental and digital transitions, protect consumers, and develop European capital markets.

The year 2021 put the spotlight back on finalising the implementation of the Basel III prudential agreements in the EU. In October 2021, the European Commission published its new banking rules - the proposed CRR3 regulation and the CRD6 directive - which will enter into force on 1 January 2025. The timetable for rolling out the reforms in the main non-EU jurisdictions remains uncertain and is not expected to coincide with the Basel timetable of 1 January 2023.

In accordance with the European Green Deal and the sustainable finance strategy of the European Commission, the environmental and sustainable European legislative agenda has accelerated in 2021 with the aim to rapidly mobilize capital flows to achieve carbon neutrality and ensure the resilience of the financial system. The financial sector is facing highly ambitious expectations to bridge the €470 billion per year needed to finance the green transition, as estimated by the European Commission in mid-2020. Work on the EU taxonomy for sustainable activities are now finalized on climate and should lead to the first complete reporting of financial institutions in 2024. Besides, the global framework of sustainability reportings (not limited to climate) is getting designed, with the aim of a first publication potentially in 2024. The EU being a pioneer on ESG topics, the issue of harmonising European standards with those introduced in other jurisdictions will be a key consideration in 2022, in order to avoid any distortion of competition and prevent duplicating reportings to answer divergent standards, while guaranteeing that the necessary data is available, including from non-European counterparts.

Banks are expected to better integrate their climate and sustainability exposure when managing risks and be more transparent about disclosing ESG risks in their prudential publications. The ECB’s climate stress tests are currently ongoing and ESG risks are now part of the prudential review. Besides, from 2023, credit institutions will have to publish detailed information on their exposure to physical and transition risks. The lack of data, in the absence of a proper sequencing with the application timeline of corporate standards, will remain an important obstacle to the comparability between banks. Finally, debate is intensifying over the prudential treatment of assets that are harmful to the climate and will be the topic of an EBA report in 2023.

Concomitantly, digital transformation will continue to be a priority, with progress on legislative projects proposed in 2021:

- a digital finance action plan;
- a crypto-assets regulation (MICA);
- a Digital Operations Resilience Act (DORA) to strengthen cybersecurity and the monitoring of outsourced services;
- initiatives centred on artificial intelligence and digital identity.

In addition, during T1 2022, the European Commission also proposed a cross-sectoral act on data (Data Act).

Beginning 2022, in-depth work on significant topics related to payments have continued, i.e. the EPI project and ECB's study of a central bank digital currency (CBDC) and of an acceleration in the spread of instant payments. These projects should be supplemented by Open Finance proposals for which the DSP2 Directive assessment will be an important step.

Consumer issues are also set to attract considerable attention in both France and Europe. Plans to revise MiFID, PRIIPS, IDD and the Consumer Credit Directive are well under way at European level. Many issues related to the pricing and transparency of banking products' fees are also being debated at the national level, where purchasing power is at stake.

Last, in a post-Brexit environment, the European Commission gave new momentum to the development of the Capital Markets Union (CMU), as designed by the European action plan published in 2020. The initial will to prioritize the deepening and integration of European markets is now coupled with the reaffirmed ambition of ensuring the EU's financial autonomy, as a response to both the Covid-19 crisis and the situation in Ukraine. The European Commission's plan on the European strategic autonomy, published in January 2021, as well as the Council conclusions of April 2022 underline the weaknesses that a dependent EU can bring.

It is in this context that the following proposals have emerged:

- the legislative proposals for the revision of MIFIR, the directive relating to alternative management (AIFM), the regulation on long-term investment funds (ELTIF), and the establishment of a European single access point for financial and non-financial information publicly disclosed by companies (ESAP);
- the work plan around the equivalence framework for Central Counterparties in non-EU countries and the gradual relocation of compensation for euro products within the Union;
- the publication of a consultation on the Listing Act, with the aim of ensuring the attractiveness of capital markets for EU companies and facilitating access to capital for small and medium-sized enterprises, and a consultation on withholding taxes, with the aim to simplify and harmonize complex processes which are considered to be a hindrance for transborder investments.

2. GROUP MANAGEMENT REPORT

2.1 Pending acquisitions and major contracts

Update of the page 56 of the 2022 Universal Registration Document

2.1.1 Press release dated 5 April 2022 - Societe Generale announces the signing of a definitive agreement between Boursorama and ING to offer the best alternative banking solution to ING's retail customers in France

Societe Generale announces the signing by Boursorama of a definitive partnership agreement with ING to offer ING's online banking customers in France the best alternative banking solution, with a simplified subscription process and exclusive offers on underwritten products and services.

The signing of the definitive agreement on 4 April 2022 follows ING's decision to withdraw from the retail banking market in France. Boursorama will therefore provide exclusive offers reserved for ING's retail customers in France and dedicated support. With more than 3.3 million customers at end-December 2021, this agreement will further strengthen Boursorama's leadership position in France. With development focused on new customer expectations, Boursorama has distinguished itself by obtaining the highest customer recommendation score¹ among French banks in 2021. The operation will have a very limited impact on the Societe Generale Group's CET1 ratio.

The offers provided will concern day-to-day banking (current accounts and credit cards), savings accounts, life insurance products and securities accounts. However, ING France retail lending portfolio (mortgages and consumer loans) are not part of the scope of the agreement.

Benoit Grisoni, Chief Executive Officer of Boursorama, said: *"We are delighted to welcome ING's customers and to support them in their future projects with the promise of a recognised digital experience on a comprehensive offer of high-performing products and the lowest fees in the market. This agreement will strengthen the undisputed position of Boursorama as a leader in French online banking, whose organic growth has never been so strong, with a record of 100,000 new customers onboarded each month since last November."*

Frédéric Oudéa, Chief Executive Officer of Societe Generale, said: *"This agreement is a new milestone in the development of Boursorama and further strengthens its pioneering and unique model which has demonstrated its ability to meet the needs of customers and to expand very rapidly. This agreement will help accelerate the strong growth of Boursorama which is aiming for more than 4 million customers at end-2022, one year ahead of its onboarding plan."*

2.1.2 Press release dated 11 April 2022 -Societe Generale ceases its activities in Russia and signs an agreement to sell Rosbank and its Russian insurance subsidiaries

Societe Generale ceases its banking and insurance activities in Russia and announces the signing of a sale and purchase agreement to sell its entire stake in Rosbank and the Group's Russian insurance subsidiaries to Interros Capital, the previous shareholder of Rosbank. With this agreement, concluded after several weeks of intensive work, the Group would exit⁽¹⁾ in an effective and orderly manner from Russia, ensuring continuity for its employees and clients.

This contemplated transaction, which remains subject to the approval of the relevant regulatory and anti-trust authorities, will be conducted in compliance with the legal and regulatory obligations in force. The closing of this operation should occur in the coming weeks.

The impact of the disposal of Rosbank and the Group's Russian insurance activities on the Group's CET1 ratio is expected to be around 20 basis points based on the net value of the disposed assets as of December 31, 2021⁽²⁾.

It would mainly result from the impact of the write-off of the net book value of the disposed assets, largely offset by, on the one hand, the deconsolidation of the local exposure to Russia (~EUR 15.4 billion of exposure at default as of December 31, 2021⁽³⁾) and on the other, a payment in favor of Societe Generale including notably the repayment by the purchaser of the subordinated debt granted by Societe Generale to its subsidiary.

Pro-forma this transaction, the Group's CET 1 ratio would remain comfortably above the Group's guidance. As a reminder, the Group's CET1 ratio was 13.7% as of December 31, 2021, i.e. 470 basis points above the minimum regulatory requirement.

This contemplated disposal would lead to the accounting in the Group's income statement⁽⁴⁾ of the following main items:

- the write-off of the net book value of the divested activities (~EUR 2 billion⁽⁵⁾);
- an exceptional non-cash item with no impact on the Group's capital ratio (~EUR 1.1 billion⁽⁵⁾), which corresponds to the normative reversal of the conversion reserve in the Group's income statement.

The Group confirms its distribution policy for the 2021 financial year i.e. the cash dividend of EUR 1.65 per share, subject to the approval of the Combined General meeting of shareholders on 17 May 2022, and the announced share buyback program for an amount of approximately EUR 915 million⁽⁶⁾.

(1) ALD Automotive OOO, which operates in Russia and through its branches in Kazakhstan, and ALD Belarus LLC no longer conclude any new commercial transactions.

(2) Value as of December 31, 2021 based on a EUR/RUB exchange rate of 85.

(3) Equivalent to ~EUR 10.7 billion of Risk Weighted Asset as of December 31, 2021.

(4) Accounted in "net profit or loss on other assets".

(5) Based on non-audited estimated data as of February 28, 2022 and a EUR/RUB exchange rate of 92. The final impact would be calculated based on the data and the foreign exchange rate at the closing date. The accounting period would depend on the closing date.

(6) Subject to usual approvals from ECB and Combined General meeting.

2.2 Press release dated 5 May, 2022: First quarter 2022 results

Update of the 2022 Universal Registration Document, pages 30 – 46

VERY GOOD FIRST QUARTER

Strong increase in revenues of +16.6% vs. Q1 21 (+16.1%*) with a solid performance by all the businesses particularly in Global Markets, Financial Services and Financing & Advisory

Cost to income ratio of 56.4%⁽¹⁾, excluding contribution to the Single Resolution Fund, with a positive jaws effect in all the businesses

Cost of risk at 39 basis points, around 31 basis points excluding the Russian assets currently being sold

2022 cost of risk expected between 30 and 35 basis points

Underlying Group net income of EUR 1.57 billion⁽¹⁾ (EUR 0.84 billion on a reported basis), an increase of +21.3% vs. Q1 21

Underlying profitability (ROTE) of 11.9%⁽¹⁾ (6.0% on a reported basis)

CAPITAL POSITION

CET 1 ratio of 12.9%⁽²⁾ at end-March 2022, around 370 basis points above the regulatory requirement

Residual net impact on capital at closing of around -6 basis points from the contemplated disposal of our activities in Russia⁽³⁾

Confirmation of the distribution policy for 2021

CET 1 ratio 200-250 basis points minimum above the regulatory requirement, including after entry into force of the regulation finalising the Basel III reform

FURTHER PROGRESS IN OUR STRATEGIC INITIATIVES

Planned acquisition of LeasePlan by ALD: signing of the framework agreement

Partnership between Boursorama and ING: signing of the definitive agreement

Planned merger of the retail banking networks in France: new branding of French networks and conclusion of key agreements in terms of human resources

Sustainable finance: new target increased to EUR 300 billion for the period 2022-2025

Frédéric Oudéa, the Group's Chief Executive Officer, commented:

"This first quarter confirms the robustness and resilience of our business model, with a strong performance by all our businesses in a more uncertain environment, improved operating leverage and a contained cost of risk. The planned disposal, currently being finalised, of our activities in Russia, following the abrupt change in this country's outlook, will enable the Group to withdraw in an effective and orderly manner, ensuring continuity for both its employees and its customers. With new milestones achieved this quarter, the Group is determinedly pursuing the implementation of its strategic initiatives and remains focused on its ambition of sustainable and profitable growth, combined with an attractive shareholder distribution."

(1) Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)

(2) Phased-in ratio (fully-loaded ratio of 12.8%)

(3) After reversal of rating migrations for 14 basis points recorded in Q1 22 on the related Russian assets

The footnote * corresponds to data adjusted for changes in Group Structure and at constant exchange rates

1. GROUP CONSOLIDATED RESULTS

In EURm	Q1 22	Q1 21	Change	
Net banking income	7,281	6,245	+16.6%	+16.1%*
Operating expenses	(5,329)	(4,748)	+12.2%	+12.5%*
<i>Underlying operating expenses⁽¹⁾</i>	<i>(4,325)</i>	<i>(4,097)</i>	+5.6%	+5.8%*
Gross operating income	1,952	1,497	+30.4%	+27.3%*
<i>Underlying gross operating income⁽¹⁾</i>	<i>2,956</i>	<i>2,148</i>	+37.6%	+35.3%*
Net cost of risk	(561)	(276)	x 2.0	x 2.0*
Operating income	1,391	1,221	+13.9%	+10.6%*
<i>Underlying operating income⁽¹⁾</i>	<i>2,395</i>	<i>1,872</i>	+27.9%	+25.5%*
Net profits or losses from other assets	2	6	-66.7%	-64.8%*
Income tax	(353)	(283)	+24.8%	+24.8%*
Net income	1,040	947	+9.8%	+5.7%*
O.w. non-controlling interests	198	133	+48.9%	+48.2%*
Reported Group net income	842	814	+3.4%	-0.9%*
<i>Underlying Group net income⁽¹⁾</i>	<i>1,574</i>	<i>1,298</i>	<i>+21.3%</i>	<i>+18.1%*</i>
ROE	5.3%	5.2%		
ROTE	6.0%	5.9%		
<i>Underlying ROTE⁽¹⁾</i>	<i>11.9%</i>	<i>10.1%</i>		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on May 4th, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q1 2022. The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

As announced on April 11th, 2022, **an agreement has been signed to sell Rosbank and its Russian insurance subsidiaries**. This operation is expected to be closed in the few coming weeks.

As a reminder the impact of the disposal of Rosbank and the Group's Russian insurance activities on the Group's CET1 ratio is expected to be around -20 basis points⁽²⁾, including around -6 basis points of residual net impact expected at closing after reversal of rating migrations recorded in Q1 22 on the related Russian assets. This contemplated disposal would lead to the accounting in the Group's income statement⁽³⁾ of the write-off of the net book value of the divested activities (~EUR 2 billion⁽⁴⁾) and an exceptional non-cash item with no impact on the Group's capital ratio (~EUR 1.1 billion⁽⁴⁾), which corresponds to the normative reversal of the conversion reserve in the Group's income statement.

Net banking income

Net banking income was substantially higher in Q1 22, up +16.6% (+16.1%*) vs. Q1 21, driven by a very good momentum in all the businesses.

French Retail Banking's performance was substantially higher, with net banking income (excluding PEL/CEL provision) up +6.4% vs. Q1 21, reflecting an upward momentum on net interest income as well as financial and service commissions.

International Retail Banking & Financial Services enjoyed strong revenue growth (+19.3%* vs. Q1 21). Financial Services (+43.6%* vs. Q1 21) and Insurance (+6.0%* vs. Q1 21) enjoyed an excellent momentum. International Retail Banking also benefited from a strong rebound in its activities (+13.1%* vs. Q1 21).

Global Banking & Investor Solutions delivered an excellent performance, with revenues up +18.1% (+16.9%*) vs. Q1 21. Financing & Advisory enjoyed a very good momentum, with revenues up +24.4% (+20.9%*) vs. Q1 21, while the revenues of Global Markets & Investor Services were substantially higher (+19.1%, +15.4%*) than in Q1 21.

(2) On the basis of the asset value at December 31st, 2021, based on a EUR/RUB exchange rate of 85

(3) Accounted in "net profit or loss on other assets"

(4) Based on non-audited estimated data as of February 28, 2022 and a EUR/RUB exchange rate of 92. The final impact would be calculated based on the data and the foreign exchange rate at the closing date. The accounting period would depend on the closing date

Operating expenses

In Q1 22, operating expenses totalled EUR 5,329 million on a reported basis and EUR 4,325 million on an underlying basis (restated for transformation costs and the linearisation of IFRIC 21), an increase of +5.6% vs. Q1 21. This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +93 million), the increase in the contribution to the Single Resolution Fund (EUR +69 million), currency effects and the increase in other expenses (EUR +31 million).

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+38%) to EUR 2,956 million and the underlying cost to income ratio, excluding the Single Resolution Fund, improved by nearly 7 points (56.4% vs. 63.3% in Q1 21).

Cost of risk

In Q1 22, the cost of risk stood at 39 basis points, an increase vs. Q1 21 (21 basis points) due primarily to the consequences of the crisis in Ukraine on Russian exposure, or EUR 561 million (vs. EUR 276 million in Q1 21). It breaks down into a provision on non-performing loans of EUR 313 million and a provision on performing loans of EUR 248 million.

Excluding Russian activities which are currently being sold, the cost of risk remains limited at 31 basis points and breaks down into a provision on non-performing loans of EUR 277 million and a provision on performing loans of EUR 148 million.

Moreover, the Societe Generale Group has offshore international exposure (exposure at default) to Russian counterparties amounting to EUR 2.8 billion at March 31st, 2022. Exposure at risk on this portfolio is estimated at less than EUR 1 billion. The associated cost of risk was EUR 218 million in Q1 2022.

There is only negligible market exposure to Russian external counterparties.

The Group's provisions on performing loans amounted to EUR 3,614 million at end-March, an increase of EUR 259 million vs. Q4 21.

The non-performing loans ratio amounted to 2.9%⁽¹⁾ at March 31st 2022, stable vs. end-December 2021 (2.9%). The Group's gross coverage ratio for doubtful outstandings stood at 49%⁽²⁾ at March 31st 2022.

The cost of risk is expected to be between 30 and 35 basis points in 2022.

⁽¹⁾ NPL ratio calculated according to the EBA methodology published on July 16th 2019

⁽²⁾ Ratio between the amount of provision on doubtful outstandings and the amount of these same outstandings

Group net income

In EURm	Q1 22	Q1 21
Reported Group net income	842	814
Underlying Group net income ⁽¹⁾	1,574	1,298

In EURm	Q1 22	Q1 21
ROTE	6.0%	5.9%
Underlying ROTÉ ⁽¹⁾	11.9%	10.1%

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Earnings per share amounts to EUR 0.87 in Q1 22 (EUR 0.79 in Q1 21). Underlying earnings per share amounts to EUR 1 over the same period (EUR 0.83 in Q1 21).

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 65.9 billion at March 31st, 2022 (EUR 65.1 billion at December 31st, 2021). Net asset value per share was EUR 69.23 and tangible net asset value per share was EUR 61.53.

The consolidated balance sheet totalled EUR 1,609 billion at March 31st, 2022 (EUR 1,464 billion at December 31st, 2021). The net amount of customer loan outstandings at March 31st, 2022, including lease financing, was EUR 495 billion (EUR 488 billion at December 31st, 2021) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 523 billion, vs. EUR 502 billion at December 31st, 2021 (excluding assets and securities sold under repurchase agreements).

At April 26th, 2022, the parent company had issued EUR 19.7 billion of medium/long-term debt, having an average maturity of 5.9 years and an average spread of 43 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 0.7 billion. In total, the Group had issued EUR 20.4 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 140% at end-March 2022 (137% on average in Q1), vs. 129% at end-December 2021. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 112% at end-March 2022.

The Group's **risk-weighted assets** (RWA) amounted to EUR 376.6 billion at March 31st, 2022 (vs. EUR 363.4 billion at end-December 2021) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 84.1% of the total, at EUR 316.8 billion, up 3.9% vs. December 31st, 2021.

At March 31st, 2022, the Group's **Common Equity Tier 1** ratio stood at 12.9%, or around 370 basis points above the regulatory requirement. The CET1 ratio at March 31st, 2022 includes an effect of +12 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 12.8%. The Tier 1 ratio stood at 15.1% at end-March 2022 (15.9% at end-December 2021) and the total capital ratio amounted to 17.9% (18.8% at end-December 2021).

The Group is aiming for a CET 1 ratio between 200-250 basis points above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.

The **leverage ratio** stood at 4.3% at March 31st, 2022 (4.9% at end-December 2021).

With a level of 30.5% of RWA and 8.7% of leverage exposure at end-March 2022, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2022. At March 31st, 2022, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

3. FRENCH RETAIL BANKING

In EURm	Q1 22	Q1 21	Change
Net banking income	2,188	2,023	+8.2%
<i>Net banking income excl. PEL/CEL</i>	<i>2,165</i>	<i>2,035</i>	<i>+6.4%</i>
Operating expenses	(1,720)	(1,611)	+6.8%
<i>Underlying operating expenses⁽¹⁾</i>	<i>(1,550)</i>	<i>(1,483)</i>	<i>+4.5%</i>
Gross operating income	468	412	+13.6%
<i>Underlying gross operating income⁽¹⁾</i>	<i>615</i>	<i>552</i>	<i>+11.4%</i>
Net cost of risk	(47)	(129)	-63.6%
Operating income	421	283	+48.8%
Net profits or losses from other assets	0	3	-100.0%
Reported Group net income	313	212	+47.6%
<i>Underlying Group net income⁽¹⁾</i>	<i>422</i>	<i>312</i>	<i>+35.2%</i>
RONE	10.6%	6.9%	
<i>Underlying RONE⁽¹⁾</i>	<i>14.3%</i>	<i>10.2%</i>	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

Note: including Private Banking activities following the restatement in Q1 22 (France and International operations). Including activities transferred after the disposal of Lyxor

Societe Generale and Crédit du Nord networks

Average loan outstandings were 1% higher than in Q1 21 at EUR 211 billion. Loan production grew +36% vs. Q1 21, with home loans rising +39% vs. Q1 21 and medium/long-term loans to corporate and professional customers (excluding State Guaranteed Loans) climbing +68% vs. Q1 21.

Average outstanding balance sheet deposits including BMTN (negotiable medium-term notes) continued to rise (+5% vs. Q1 21) to EUR 241 billion.

As a result, the average loan/deposit ratio stood at 88% in Q1 22 vs. 92% in Q1 21.

Insurance assets under management totalled EUR 91 billion at end-March 2022, up +2% year-on-year. Gross life insurance inflow amounted to EUR 2.7 billion in Q1 22, with the unit-linked share accounting for 39%.

Property/casualty insurance premiums and personal protection insurance premiums were up +2% vs. Q1 21.

Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.7 million clients at end-March 2022, thanks to the onboarding of 388,000 new clients in Q1 22 (+90% vs. Q1 21). Boursorama is aiming to have between 4 million and 4.5 million clients at end-2022, one year ahead of schedule relative to its plan.

Average outstanding loans rose +29% vs. Q1 21 to EUR 14 billion. Home loan outstandings were up +30% vs. Q1 21.

Average outstanding savings including deposits and financial savings were 19% higher than in Q1 21 at EUR 37 billion, while outstanding deposits were up +24% vs. Q1 21. Life insurance outstandings were 7% higher than in Q1 21, with the unit-linked share accounting for 45%. Brokerage recorded more than 2 million transactions in Q1 22.

Private Banking

Private Banking activities were transferred to French Retail Banking in Q1 2022. The scope includes France and international operations as well as the activities transferred at the time of the disposal of Lyxor. The business enjoyed strong commercial activity in all the regions. Assets under management totalled EUR 150 billion, up +8% vs. Q1 21. Net inflow was buoyant at EUR 2.7 billion in Q1 22, despite the volatility of the financial markets. Net banking income totalled EUR 322 million in Q1 22, up +21.2% vs. Q1 21.

Net banking income excluding PEL/CEL

Revenues (excluding PEL/CEL) totalled EUR 2,165 million, up +6.4% vs. Q1 21. Net interest income (excluding PEL/CEL) was up +2.8% vs. Q1 21, driven by loans to corporate customers and Private Banking but partially impacted by the effect of the higher rate on the Livret A passbook savings account. Commissions increased by +6.9% vs. Q1 21, driven by the good performance of financial commissions and the rebound in service commissions.

Operating expenses

Operating expenses amounted to EUR 1,720 million (+6.8% vs. Q1 21) and EUR 1,550 million on an underlying basis (+4.5% vs. Q1 21). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.6%, an improvement of 1.3 points vs. Q1 21, representing a positive jaws effect.

Cost of risk

The cost of risk amounted to EUR 47 million or 8 basis points in Q1 22, a substantial decline compared to Q1 21 (22 basis points). In Q4 21, the cost of risk represented a write-back of 3 basis points.

Contribution to Group net income

The contribution to Group net income was EUR 313 million in Q1 22 vs. EUR 212 million in Q1 21. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.3% in Q1 22 (16.1% excluding Boursorama).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q1 22	Q1 21	Change	
Net banking income	2,223	1,862	+19.4%	+19.3%*
Operating expenses	(1,183)	(1,089)	+8.6%	+8.3%*
<i>Underlying operating expenses⁽¹⁾</i>	<i>(1,091)</i>	<i>(1,017)</i>	+7.3%	+7.0%*
Gross operating income	1,040	773	+34.5%	+35.0%*
<i>Underlying gross operating income⁽¹⁾</i>	<i>1,132</i>	<i>845</i>	+34.0%	+34.4%*
Net cost of risk	(325)	(142)	x 2.3	x 2.3*
Operating income	715	631	+13.3%	+13.8%*
Net profits or losses from other assets	2	2	+0.0%	+11.0%*
Reported Group net income	400	392	+2.0%	+2.6%*
<i>Underlying Group net income⁽¹⁾</i>	<i>453</i>	<i>434</i>	+4.4%	+5.0%*
RONE	14.5%	15.7%		
<i>Underlying RONE⁽¹⁾</i>	<i>16.5%</i>	<i>17.4%</i>		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's outstanding loans totalled EUR 92.7 billion, up +5.4%* vs. Q1 21. Outstanding deposits increased by +6.5%* vs. Q1 21, to EUR 92.4 billion.

For the Europe scope, outstanding loans were up +6.0%* vs. end-March 2021 at EUR 60.6 billion, driven by a positive momentum in all the regions: +8.3%* in the Czech Republic, +9.1%* in Romania, and +2.3%* in Western Europe. Outstanding deposits rose +3.1%* to EUR 54.3 billion.

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans increased by +1.6%* when adjusted for changes in Group structure and at constant exchange rates. Outstanding deposits continued to enjoy a healthy momentum, up +6.2%*.

In the Insurance business, the life insurance savings business continued to benefit from a good momentum, with outstandings up +4%* at end-March 2022 vs. end-March 2021 at EUR 134 billion. The share of unit-linked products in outstandings was 36%, an increase of +2 points vs. March 2021. Gross life insurance savings inflow was 7%* higher in Q1 22 than in Q1 21, with the share of unit-linked products remaining at a high level of 43%, up 3 points vs. March 2021. Protection insurance saw an increase of +7%* vs. Q1 21, bolstered by property/casualty premiums up +12%*.

Financial Services also enjoyed a very healthy momentum. Operational Vehicle Leasing and Fleet Management posted record net banking income, up +53%*, due to the business' good performance and continued very strong demand for used cars. The fleet consisted of 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.8% vs. end-March 2021. Equipment Finance continued to grow, with new leasing business up +3.1%* vs. Q1 21. Outstanding loans rose +1.4% vs. end-March 2021, to EUR 14.5 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 2,223 million in Q1 22, up +19.3%* vs. Q1 21.

International Retail Banking's net banking income totalled EUR 1,343 million in Q1 22, an increase of +13.1%*.

Revenues in Europe climbed +15.6%* vs. Q1 21, due primarily to substantial growth in net interest income as a result of the rise in rates (+17%* vs. Q1 21), particularly in the Czech Republic (+34%* vs. Q1 21).

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +7.2%* vs. Q1 21 at EUR 466 million, with activity that remained buoyant in Sub-Saharan Africa (+9%* vs. Q1 21).

The Insurance business posted net banking income up +6.0%* vs. Q1 21, at EUR 250 million.

Financial Services' net banking income was substantially higher (+43.6%*) than in Q1 21, at EUR 630 million. This performance benefited primarily from the activities of ALD which continued to post strong growth in the used car sale result (EUR 3,101 per vehicle in Q1 22).

Operating expenses

Operating expenses rose by only +8.3%* on a reported basis (+7.0%* on an underlying basis) vs. Q1 21 to EUR 1,183 million, resulting in a positive jaws effect. The underlying cost to income ratio stood at 49.1% in Q1 22, lower than in Q1 21 (54.6%).

In **International Retail Banking**, operating expenses were 7.4%* higher than in Q1 21.

In the **Insurance** business, operating expenses rose +7.4%* vs. Q1 21, with a cost to income ratio of 47.2% (39.3% on an underlying basis).

In **Financial Services**, operating expenses increased by +11.4%* vs. Q1 21, generating a very positive jaws effect.

Cost of risk

In **Q1 22**, the cost of risk amounted to 92 basis points (EUR 325 million), vs. 44 basis points in Q1 21. Excluding Russian activities which are currently being sold, the increase in the cost of risk remained limited with a level of 59 basis points.

Contribution to Group net income

The contribution to Group net income totalled EUR 400 million in Q1 22, an increase of +2.6%* vs. Q1 21.

Underlying RONE stood at 16.5% in Q1 22 (vs. 17.4% in Q1 21) and around 23% excluding Russian activities which are currently being sold. In International Retail Banking, underlying RONE was 7.3% (around 18% excluding Russian activities which are currently being sold) and 28.0% in Financial Services and Insurance.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q1 22	Q1 21	Variation	
Net banking income	2,755	2,333	+18.1%	+16.9%*
Operating expenses	(2,172)	(1,893)	+14.7%	+15.7%*
<i>Underlying operating expenses⁽¹⁾</i>	<i>(1,611)</i>	<i>(1,526)</i>	+5.6%	+6.7%*
Gross operating income	583	440	+32.5%	+21.7%*
<i>Underlying gross operating income⁽¹⁾</i>	<i>1,144</i>	<i>807</i>	+41.7%	+35.2%*
Net cost of risk	(194)	(3)	x 64.7	x 76.7*
Operating income	389	437	-11.0%	-18.4%*
Reported Group net income	302	347	-13.0%	-19.9%*
<i>Underlying Group net income⁽¹⁾</i>	<i>734</i>	<i>629</i>	+16.6%	+11.3%*
RONE	8.6%	10.4%		
<i>Underlying RONE⁽¹⁾</i>	<i>20.8%</i>	<i>18.8%</i>		

(1) Adjusted for the linearisation of IFRIC 21

Note: excluding Private Banking activities following the restatement in Q1 22 (France and International operations). Including activities transferred after the disposal of Lyxor

Net banking income

Global Banking & Investor Solutions delivered a remarkable performance in Q1 driven by all the businesses, with revenues of EUR 2,755 million, significantly higher (+18.1%) than the already high level in Q1 21. The sharp increase in Q1 22 illustrates the relevance of the strategy presented in May 2021 and the quality of its execution.

In Global Markets & Investor Services, net banking income totalled EUR 1,965 million in Q1 22 (+19.1% vs. Q1 21), in a volatile environment, driven by good client activity and the rise in rates.

Global Markets turned in an excellent performance in Q1 22 (EUR 1,777 million), up +20.5% vs. Q1 21, benefiting from a strong commercial momentum in all segments. This very good result can be seen in all the businesses (Equities, Fixed Income, Currency), products (Flow&Hedging, Investment Solutions and financing) and geographical regions.

The Equity activity enjoyed an excellent quarter (EUR 1,010 million, +19.5% vs. Q1 21), driven by strong client activity in all the businesses, particularly in listed products and prime services. The structured products portfolio remained stable, with good risk management.

Fixed Income & Currency activities posted substantially higher revenues (+21.7% vs. Q1 21) at EUR 767 million in a favourable market environment. Very buoyant client activity benefited all the businesses, and particularly Fixed Income activities.

There was a significant increase in Securities Services' revenues in Q1, up +7.4% vs. Q1 21, at EUR 188 million, reflecting the increase in rates as well as a higher level of commissions. Securities Services' assets under custody and assets under administration amounted to EUR 4,375 billion and EUR 676 billion respectively.

Financing & Advisory posted revenues of EUR 790 million, up +24.4% vs. Q1 21.

The Global Banking & Advisory business, up +24.1% vs. Q1 21, capitalised on the good market momentum, particularly in activities related to Natural Resources, Trade Commodity Finance and Infrastructure as well as in property financing.

The Asset-Backed Products platform continued to grow, with a positive return from initiatives carried out on the Financial Sponsors client segment.

Investment Banking enjoyed a good quarter, despite a sharp slowdown in primary market activity since end-February.

Global Transaction and Payment Services continued to experience strong growth, up +26.2% vs. Q1 21, primarily on the back of the increase in rates and volumes.

Operating expenses

Operating expenses totalled EUR 2,172 million in Q1 22, an increase of +14.7% vs. Q1 21 on a reported basis, and +5.6% on an underlying basis. This increase can be explained by the rise in variable costs, related to the increase in earnings, and IFRIC 21 charges (the contribution to the Single Resolution Fund amounted to EUR 622 million in Q1 22 vs. EUR 411 million in Q1 21 for Global Banking & Investor Solutions). There was a significant improvement in the cost to income ratio of 7 points (58.5% vs. 65.4% in Q1 21 on an underlying basis), with a positive jaws effect.

Cost of risk

The cost of risk amounted to 45 basis points (or EUR 194 million) in Q1 22, including EUR 152 million related to offshore exposure to Russia.

Contribution to Group net income

The contribution to Group net income was EUR 302 million on a reported basis and EUR 734 million on an underlying basis (+16.6% vs. Q1 21).

Global Banking & Investor Solutions posted a significant underlying RONE of 20.8% in Q1 22 (24.1% when restated for the impact of the contribution to the Single Resolution Fund), an improvement compared to RONE of 18.8% in Q1 21.

6. CORPORATE CENTRE

In EURm	Q1 22	Q1 21
Net banking income	115	27
Operating expenses	(254)	(155)
<i>Underlying operating expenses⁽¹⁾</i>	<i>(73)</i>	<i>(71)</i>
Gross operating income	(139)	(128)
<i>Underlying gross operating income⁽¹⁾</i>	<i>42</i>	<i>(44)</i>
Net cost of risk	5	(2)
Net profits or losses from other assets	-	1
Income tax	12	36
Reported Group net income	(173)	(137)
<i>Underlying Group net income⁽¹⁾</i>	<i>(52)</i>	<i>(69)</i>

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes:

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

The Corporate Centre's net banking income totalled EUR 115 million in Q1 22 vs. EUR 27 million in Q1 21. It includes in particular the positive value changes of financial instruments corresponding to the economic hedging of the Group's equity securities.

Operating expenses totalled EUR 254 million in Q1 22 vs. EUR 155 million in Q1 21. They include the Group's transformation costs for a total amount of EUR 143 million relating to the activities of French Retail Banking (EUR 104 million), Global Banking & Investor Solutions (EUR 14 million) and the Corporate Centre (EUR 25 million). Underlying costs came to EUR 73 million in Q1 22 compared to EUR 71 million in Q1 21.

Gross operating income totalled EUR -139 million in Q1 22 vs. EUR -128 million in Q1 21. Underlying gross operating income came to EUR +42 million in Q1 22 vs. EUR -44 million in Q1 21.

The Corporate Centre's contribution to Group net income was EUR -173 million in Q1 22 vs. EUR -137 million in Q1 21. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -52 million.

7. 2022 FINANCIAL CALENDAR

2022 and 2023 Financial communication calendar

May 17 th , 2022	2022 General Meeting
May 25 th , 2022	Dividend detachment
May 27 th , 2022	Dividend payment
August 3 rd , 2022	Second quarter and first half 2022 results
November 4 th , 2022	Third quarter and nine-month 2022 results
February 8 th , 2023	Fourth quarter and FY 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on <https://investors.societegenerale.com/en>).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

8. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q1 22	Q1 21	Variation
French Retail Banking	313	212	+47.6%
International Retail Banking and Financial Services	400	392	+2.0%
Global Banking and Investor Solutions	302	347	-13.0%
Core Businesses	1,015	951	+6.7%
Corporate Centre	(173)	(137)	-26.3%
Group	842	814	+3.4%

NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes activities transferred after the disposal of Lyxor

CONSOLIDATED BALANCE SHEET

In EURm	31.03.2022	31.12.2021
Cash, due from central banks	230,086	179,969
Financial assets at fair value through profit or loss	419,946	342,714
Hedging derivatives	13,683	13,239
Financial assets at fair value through other comprehensive income	40,342	43,450
Securities at amortised cost	19,748	19,371
Due from banks at amortised cost	74,490	55,972
Customer loans at amortised cost	501,542	497,164
Revaluation differences on portfolios hedged against interest rate risk	172	131
Investments of insurance companies	172,741	178,898
Tax assets	4,647	4,812
Other assets	95,796	92,898
Non-current assets held for sale	16	27
Investments accounted for using the equity method	115	95
Tangible and intangible fixed assets	32,139	31,968
Goodwill	3,739	3,741
Total	1,609,202	1,464,449

In EURm	31.03.2022	31.12.2021
Due to central banks	12,618	5,152
Financial liabilities at fair value through profit or loss	391,805	307,563
Hedging derivatives	17,839	10,425
Debt securities issued	135,384	135,324
Due to banks	157,560	139,177
Customer deposits	528,620	509,133
Revaluation differences on portfolios hedged against interest rate risk	(1,631)	2,832
Tax liabilities	1,683	1,577
Other liabilities	122,461	106,305
Non-current liabilities held for sale	-	1
Insurance contracts related liabilities	150,098	155,288
Provisions	5,047	4,850
Subordinated debts	16,101	15,959
Total liabilities	1,537,585	1,393,586
Shareholder's equity	-	-
Shareholders' equity, Group share	-	-
Issued common stocks and capital reserves	21,836	21,913
Other equity instruments	7,534	7,534
Retained earnings	36,270	30,631
Net income	842	5,641
Sub-total	66,482	65,719
Unrealised or deferred capital gains and losses	(630)	(652)
Sub-total equity, Group share	65,852	65,067
Non-controlling interests	5,765	5,796
Total equity	71,617	70,863
Total	1,609,202	1,464,449

10. APPENDIX 2: METHODOLOGY

1 - The financial information presented for the quarter ending 31 March 2022 was examined by the Board of Directors on May 4th, 2022 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2022 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2021 (pages 482 et seq. of Societe Generale's 2022 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2022 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q1 22 (In EURm)	Operating Expenses	Cost of risk	Net profit or losses from other assets	Income tax	Group net income	Business
Reported	(5,329)	(561)	2	(353)	842	
<i>(+) IFRIC 21 linearisation</i>	<i>860</i>			<i>(218)</i>	<i>626</i>	
<i>(+) Transformation charges*</i>	<i>143</i>			<i>(37)</i>	<i>106</i>	<i>Corporate Center⁽¹⁾</i>
Underlying	(4,325)	(561)	2	(608)	1,574	
Q1 21 (In EURm)	Operating Expenses	Cost of risk	Net profit or losses from other assets	Income tax	Group net income	Business
Reported	(4,748)	(276)	6	(283)	814	
<i>(+) IFRIC 21 linearisation</i>	<i>601</i>			<i>(141)</i>	<i>448</i>	
<i>(+) Transformation charges*</i>	<i>50</i>			<i>(14)</i>	<i>36</i>	<i>Corporate Center⁽²⁾</i>
Underlying	(4,097)	(276)	6	(438)	1,298	

() Exceptional item*

(1) Q1 22 transformation charges related to French Retail Banking (EUR 104m), Global Banking & Investor Solutions (EUR 14m) and Corporate Centre (EUR 25m)

(2) Q1 21 transformation charges related to French Retail Banking (EUR 38m), Global Banking and Investor Solutions (EUR 1m) and Corporate Center (EUR 11m)

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 663 of Societe Generale's 2022 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q1 22	Q1 21
French Retail Banking	Net Cost Of Risk	47	129
	Gross loan Outstandings	242,645	233,953
	Cost of Risk in bp	8	22
International Retail Banking and Financial Services	Net Cost Of Risk	325	142
	Gross loan Outstandings	140,547	130,196
	Cost of Risk in bp	92	44
Global Banking and Investor Solutions	Net Cost Of Risk	194	3
	Gross loan Outstandings	170,749	138,305
	Cost of Risk in bp	45	1
Corporate Centre	Net Cost Of Risk	(5)	2
	Gross loan Outstandings	14,413	12,963
	Cost of Risk in bp	(12)	4
Societe Generale Group	Net Cost Of Risk	561	276
	Gross loan Outstandings	568,354	515,416
	Cost of Risk in bp	39	21

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2022 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2022 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period (in EURm)	Q1 22	Q1 21
Shareholders' equity Group share	65,852	62,920
Deeply subordinated notes	(8,178)	(9,179)
Undated subordinated notes	-	(273)
Interest of deeply & undated subordinated notes, issue premium amortisations ⁽¹⁾	(65)	(51)
OCI excluding conversion reserves	120	(723)
Dividend provision ⁽²⁾	(415)	(353)
ROE equity end-of-period	55,029	52,340
Average ROE equity	54,669	51,771
Average Goodwill	(3,624)	(3,928)
Average Intangible Assets	(2,753)	(2,506)
Average ROTE equity	48,292	45,337
Group net Income (a)	842	814
Underlying Group net income (b)	1,574	1,298
Interest on deeply subordinated notes and undated subordinated notes (c)	(119)	(144)
Cancellation of goodwill impairment (d)	2	-
Ajusted Group net Income (e) = (a)+ (c)+(d)	725	670
Ajusted Underlying Group net Income (f)=(b)+(c)	1,457	1,154
Average ROTE equity (g)	48,292	45,337
ROTE [quarter: (4*e/g)]	6.0%	5.9%
Average ROTE equity (underlying) (h)	49,024	45,821
Underlying ROTE [quarter: (4*f/h)]	11.9%	10.1%

(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations

(2) The dividend to be paid is calculated based on a pay-out ratio of 50% of the underlying Group net income, after deduction of deeply subordinated notes and on undated subordinated notes

RONE calculation: Average capital allocated to Core Businesses

In EURm	Q1 22	Q1 21	Change
French Retail Banking	11,822	12,208	-3.2%
International Retail Banking and Financial Services	11,018	9,963	+10.6%
Global Banking and Investor Solutions	14,128	13,404	+5.4%
Core Businesses	36,968	35,576	+3.9%
Corporate Center	17,701	15,975	+10.8%
Group	54,669	51,550	+6.1%

NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes activities transferred after the disposal of Lyxor

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2022 Universal Registration Document. The items used to calculate them are presented below:

End of period (in EURm)	Q1 22	2021	2020
Shareholders' equity Group share*	65,852	65,067	61,710
Deeply subordinated notes	(8,178)	(8,003)	(8,830)
Undated subordinated notes	-	-	(264)
Interest of deeply & undated subordinated notes, issue premium amortisations ⁽¹⁾	(65)	20	19
Bookvalue of own shares in trading portfolio	(78)	37	301
Net Asset Value*	57,531	57,121	52,936
Goodwill	(3,624)	(3,624)	(3,928)
Intangible Assets	(2,773)	(2,733)	(2,484)
Net Tangible Asset Value*	51,134	50,764	46,524
Number of shares used to calculate NAPS**	831,044	831,162	848,859
Net Asset Value per Share	69.2	68.7	62.4
Net Tangible Asset Value per Share	61.5	61.1	54.8

(*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the 2021 financial statements)

(* *) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group. In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction

(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2022 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTC. As specified on page 45 of Societe Generale's 2022 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	Q1 22	2021	2020
Existing shares	845,248	853,371	853,371
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	6,021	3,861	2,987
Other own shares and treasury shares	8,124	3,249	-
Number of shares used to calculate EPS*	831,103	846,261	850,385
Group net Income	842	5,641	(258)
Interest on deeply subordinated notes and undated subordinated notes	(119)	(590)	(611)
Capital gain net of tax on partial buybacks	-	-	-
Adjusted Group net income	723	5,051	(869)
EPS (in EUR)	0.87	5.97	(1.02)
Underlying EPS** (in EUR)	1.00	5.52	0.97

(*) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group

(**) Calculated on the basis of underlying Group net income (excluding linearisation of IFRIC 21)

10 - The Societe Generale Group's Common Equity Tier 1 capital

It is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

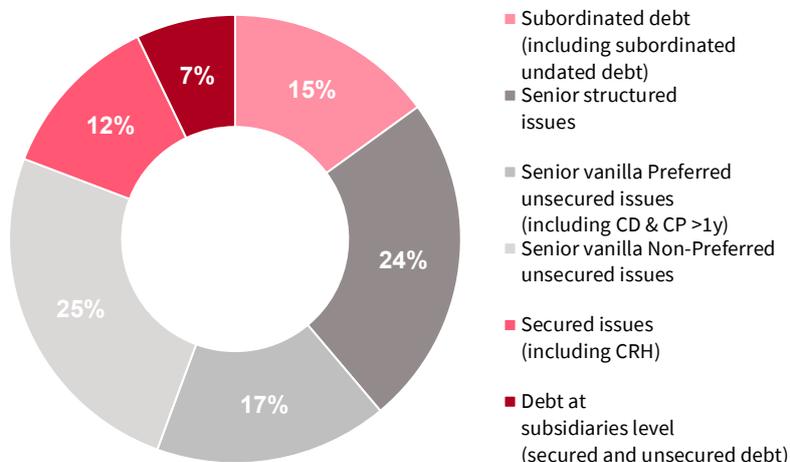
NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

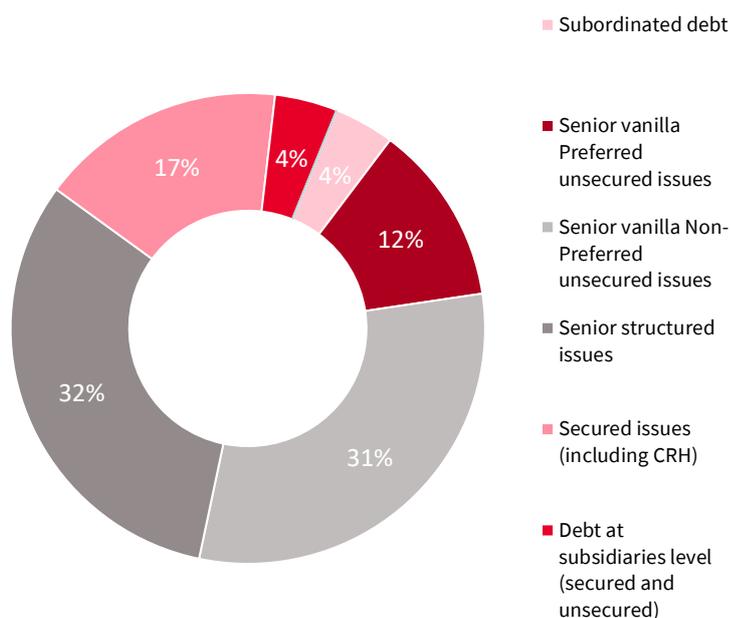
2.3 Financial policy

Group debt policy – Update of pages 53 and 54 of the 2022 Universal Registration Document

GROUP LONG-TERM SECURITIES DEBT AT 31.03.2022: EUR 162.3bn



COMPLETION OF THE FINANCING PROGRAMME AT END-MARCH 2022: EUR 16.4bn



2.4 Statement on post-closing events

Update of the page 57 of the 2022 Universal Registration Document

Since the end of the last financial period, other than those described in the amendment to the universal registration document filed with the AMF on May 5th, 2022 under n° D-22-0080-A01, no significant change in the financial performance of the group occurred.

3. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS, CHANGES IN 2021

In May 2021, Henri Poupart-Lafarge was appointed Director, while Jean-Bernard Lévy, who did not seek a further appointment, completed his final term of office as Director. Lubomira Rochet, Alexandra Schaapveld, France Houssaye and William Connelly were reappointed Directors. Sébastien Wetter was appointed Director in the new position of Director representing employee shareholders. Johan Praud was elected Director by group employees after David Leroux decided not to run for a further term.

Director/ Non-voting Director	Gender	Age ⁽¹⁾	Nationality	Initial year of appointment	End of term of office (GM)	Number of years on the Board ⁽²⁾	Independent Director	Member of a Board Committee	Number of terms of office held in listed companies	Number of shares
Lorenzo BINI SMAGHI Chairman of the Board of Directors Director	M	65	Italian	2014	2022	8	Yes	-	1	2,174
Frédéric OUDÉA Chief Executive Officer Director	M	58	French	2009	2023	13	No	-	2	243,660 2,465 ⁽⁷⁾
William CONNELLY Director	M	63	French	2017	2025	5	Yes	Chairman of the CR ⁽³⁾ CONOM ⁽⁴⁾	3	2,173
Jérôme CONTAMINE Director	M	64	French	2018	2022	4	Yes	Chairman of the COREM ⁽⁶⁾ CACI ⁽⁵⁾	2	1,069
Diane CÔTÉ Director	F	58	Canadian	2018	2022	4	Yes	CACI ⁽⁵⁾ CR ⁽³⁾	1	1,000
Kyra HAZOU Director	F	65	British/ American	2011	2023	11	Yes	CACI ⁽⁵⁾ CR ⁽³⁾	1	1,086
France HOUSSAYE⁽⁸⁾ Director	F	54	French	2009	2024	13	No	COREM ⁽⁶⁾	1	-
Annette MESSEMER Director	F	57	German	2020	2024	2	Yes	CR ⁽³⁾ CACI ⁽⁵⁾	3	1,000
Gérard MESTRALLET Director	M	72	French	2015	2023	7	Yes	Chairman of the CONOM ⁽⁴⁾ COREM ⁽⁶⁾	1	1,200
Juan Maria NIN GÉNOVA Director	M	68	Spanish	2016	2024	6	Yes	CR ⁽³⁾ COREM ⁽⁶⁾	1	1,629
Henri POUPART-LAFARGE Director	M	52	French	2021	2025	1	Yes	CONOM ⁽⁴⁾	2	1,000
Johan PRAUD⁽⁸⁾ Director	M	36	French	2021	2024	1	No	-	1	-
Lubomira ROCHET Director	F	44	French/ Bulgarian	2017	2025	5	Yes	CONOM ⁽⁴⁾	3	1,000
Alexandra SCHAAPVELD Director	F	63	Dutch	2013	2025	9	Yes	Chairman of the CACI ⁽⁵⁾ CR ⁽³⁾	3	3,069
Sébastien WETTER Director	M	50	French	2021	2025	1	No	-	1	3,165 5,112 ⁽⁷⁾
Jean-Bernard LÉVY Non-voting Director	M	65	French	2021	2023					Inapplicable

(1) Age at 1 January 2022.

(2) At the date of the next General Meeting, to be held on 17 May 2022.

(3) Risk Committee.

(4) Nomination and Corporate Governance Committee.

(5) Audit and Internal Control Committee.

(6) Compensation Committee.

(7) Via Societe Generale Actionnariat (Fonds E).

(8) Directors representing the employees.

4. RISKS AND CAPITAL ADEQUACY

4.1 Risk factors

Update of the paragraphs 4.1.1.1, 4.1.1.3 and 4.1.4.3 (pages 148 to 160) of the 2022 Universal Registration Document

4.1.1 Risks related to the macroeconomic, geopolitical, market and regulatory environments

4.1.1.1 The global economic and financial context, geopolitical tensions, as well as the market environment in which the Group operates, may adversely affect its activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. At 31 March 2022, the Group's EAD to credit and counterparty risks were concentrated in Europe and the United States (together accounting for 88%), with a predominant exposure to France (45% of EAD). The other exposures concern Western Europe excluding France (accounting for 20%), North America (accounting for 14%), Eastern European members of the European Union (accounting for 7%) and Eastern Europe excluding the European Union (accounting for 2%). The Group could face significant deteriorations in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil and natural gas), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus may not have been anticipated and hedged, could affect the Group's operating environment for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The economic and financial environment remains exposed to intensifying geopolitical risks. The war in Ukraine which began in February 2022 has led to historically high tensions between Russia and Western countries, with significant potential impacts on global growth and energy and raw materials prices, as well as a humanitarian impact. Considering the strong uncertainty around this situation, both in terms of duration and magnitude, these disruptions could persist throughout 2022 and have a significant impact on the activity and profitability of certain Group counterparties in 2022.

The exceptional economic and financial sanctions put in place by a large number of countries, particularly in Europe and the United States, against Russia and Belarus could significantly affect operators with links to Russia, with a material impact on the Group's risks (credit and counterparty, market, reputation, compliance, legal, operational, etc.). Any new international sanction or Russian countermeasure could have an impact on the global economy and consequently on the Group's risks. The Group will continue to analyze in real time the global impact of the evolution of this crisis and to take all measures deemed necessary to comply with applicable regulations.

This crisis could also generate strong volatility on the financial markets and a significant drop in the price of certain financial assets. Certain counterparties could experience payment defaults, with consequences that are difficult to anticipate for the Group.

As of 11 April 2022, Societe Generale ceased its banking and insurance activities in Russia and announced the signing of a sale and purchase agreement to sell its entire stake in Rosbank and the Group's Russian insurance subsidiaries to Interros Capital.

Furthermore, the situation related to the Covid-19 crisis is a further aggravating factor in the various risks faced by the Group.

In the context of the Covid-19 pandemic and the war in Ukraine, disruptions in global supply chains linked among other things to port congestion, accompanied by tensions in the labor market, and rising energy prices are leading to higher inflation globally, particularly in Europe where for example natural gas prices have risen sharply and remain highly volatile.

In the United States, inflationary pressures are also driven by the massive government stimulus package implemented to cope with the Covid-19 pandemic, which has strongly boosted demand. Emerging countries are also facing inflationary pressures, particularly in connection with the increase in food prices, which represent a larger share of the consumer basket.

After a long period of low interest rates, the current inflationary environment is contributing to the emergence of a higher interest rate regime and could lead global central banks to gradually raise rates. Valuation levels have increased in recent years in a context of particularly low risk premiums. They could be affected by rising interest rates. Central banks in emerging countries have already started their monetary tightening cycle from the beginning of 2021 and have been followed by major central banks such as the Bank of England and the US Federal Reserve (Fed). Rate increases are expected to continue in order to fight inflation, and the European Central Bank (ECB) is expected to make its first rate increase by the end of 2022.

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could have a material adverse effect on the Group's asset value and business, by decreasing demand for loans and resulting in higher rates of non-performing loans.

In the event of further inflationary pressures or overreaction by central banks, a sharp correction could be observed in the financial markets due to increased risk aversion, widening credit spreads and a general appreciation of the US dollar. This could particularly affect emerging countries whose debt is mainly denominated in US dollars, such as sub-Saharan African countries and Turkey.

The Group also operates in emerging markets in Central Europe and Africa/Middle East (4% of the Group's credit exposure). These markets may be adversely affected by uncertainty factors and specific risks, such as a new additional increase in oil and natural gas prices, which would weigh on the financial position of importing countries. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates.

In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

Furthermore, the confrontation between US and China brings trade tensions and the risk of a technological divide. In Africa, a series of coups d'etat have served as a reminder of the fragility of the institutional frameworks of the Sahel countries exposed to terrorism.

Regarding the financial markets, in the context of Brexit, the subject of non-equivalence of clearing houses (central counterparties - CCPs) remains a point of vigilance, with possible impacts on financial stability, particularly in Europe, and on the Group's activity.

The Group's results are thus significantly exposed to economic, financial, political and geopolitical conditions in the principal markets in which it operates.

4.1.1.3 The Group's failure to achieve its strategic and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and the value of its financial instruments.

At the time of the publication of its annual results on 10 February 2022, the Group announced to target an underlying cost/income ratio (excluding the Single Resolution Fund - SRF) between 66% and 68% in 2022 and with further improvement thereafter. Furthermore, the Group is steering its CET1 ratio with a buffer above 200 to 250 basis points over the regulatory requirement, defined as the Maximum Distributable Amount (MDA), including under Basel IV.

On the occasion of the financial results' publication as of 5 May 2022, the Group specified that the cost of risk was expected to be between 30 and 35 basis points in 2022.

These expectations are based on a number of assumptions related to the macroeconomic, geopolitical and health context. The non-occurrence of these assumptions (including in the event of the occurrence of one or more of the risks described in this section) or the occurrence of unanticipated events could compromise the achievement of Group's financial objectives and negatively affect its activity, results and financial situation.

More precisely, the Group's "Vision 2025" project anticipates the merger between the Retail Banking network of Société Générale in France and Crédit du Nord. Although this project has been designed to enable a controlled deployment, the merger could have a short-term material adverse effect on the Group's business, financial position and costs. System reconciliations could face delays, delaying part of the expected merger benefits. The project could lead to the departure of a number of employees, requiring replacements and efforts related to new employee training, thus potentially generating additional costs. The merger could also lead to the departure of a portion of the Group's customers, resulting in loss of revenue. The legal and regulatory aspects of the transaction could result in delays or additional costs.

Following the announcement of the acquisition project of LeasePlan by ALD on 6 January 2022, Société Générale and ALD announced on 22 April 2022 the signature of a framework agreement, with the aim of creating a global leader in mobility solutions.

In April 2022, Societe Generale announced the signing by Boursorama of a definitive partnership agreement with ING to offer ING's online banking customers in France the best alternative banking solution, with a simplified subscription process and exclusive offers on underwritten products and services.

The Group may however face an execution risk on these strategic projects, which are to be carried out simultaneously. Any difficulty encountered during the process of integrating activities (particularly from a human resource standpoint) is likely to result in higher integration costs and lower-than-anticipated savings, synergies or benefits. Moreover, the process of integrating the acquired operational businesses into the Group could disrupt the operations of one or more of its subsidiaries and divert management's attention, which could have a negative impact on its business and results. These acquisitions may not materialize, in whole or in part, resulting in a reduced level of expected earnings.

4.1.4 Operational risks (including risk of inappropriate conduct) and model risks

4.1.4.3 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure of information technology systems could have an adverse effect on the Group's business and result in losses and damages to its the reputation.

Any dysfunction, failure or interruption of service of the Group's communication and information systems or the systems of its external partners, even brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as those of clients and other market participants. The international tensions linked to the situation in Ukraine and the sanctions that have been put in place and those that may be put in place in the future could also lead to operational difficulties within the Rosbank subsidiary whose sale by the Group could be delayed or face unforeseen complications.

The interconnections between various financial institutions, clearing houses, stock exchanges and service providers, including external cloud services, increase the risk that the operational failure of any one of them could lead to an operational failure of the entire sector, which could have an adverse impact on the Group's ability to conduct its business and could therefore result in losses. This risk is likely to be increased by industry concentration, whether among market participants or financial intermediaries, as complex and disparate systems need to be integrated, often on an accelerated basis.

The Group is also subject to various regulatory reforms and major internal strategic projects that may lead to operational disruptions and have an impact on the Group's operations, the accounting of transactions and their tax or prudential treatment, and on the Group's results in the event of poor project management and understanding of operational risks. Examples include the IBOR interbank rate reform, which aims to ensure the continuity of contracts indexed on interbank rates, or the internal project to merge the Société Générale and Crédit du Nord retail networks, with the transfer of Crédit du Nord's information system to the Société Générale information system.

4.2 Regulatory ratios

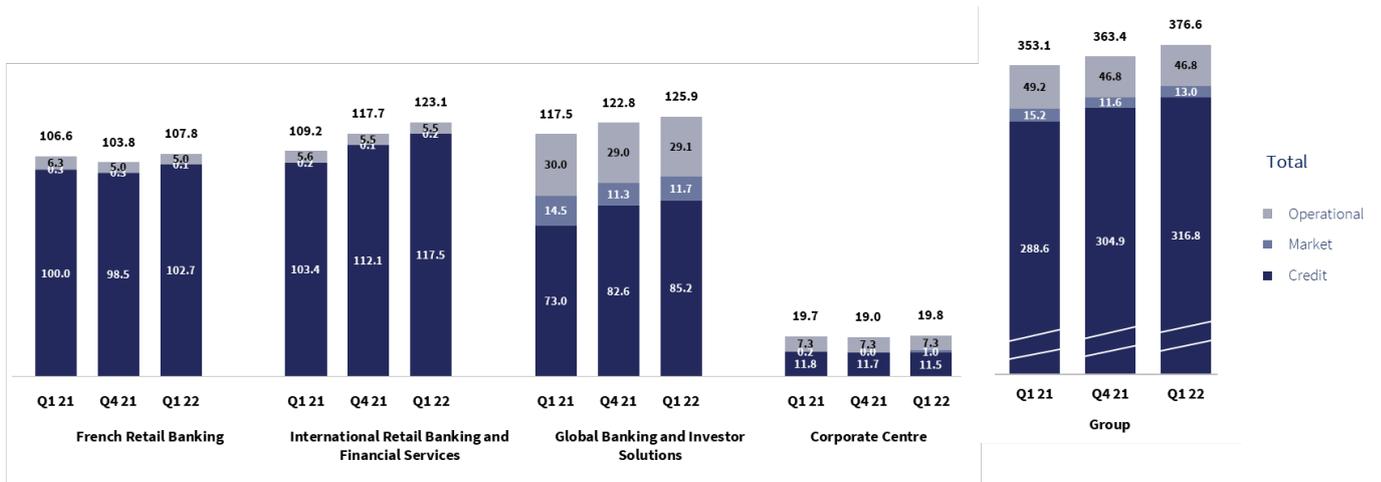
4.2.2 Prudential ratio management – Update of pages 186 of the 2022 Universal Registration Document

During the first quarter of 2022, Societe Generale issued USD 750m (equivalent to EUR 676m) of subordinated 21NC20 Tier 2 bonds. In addition, the Group announced the redemption, at first call date, of AUD 125m subordinated Tier 2 bonds, issued in June 2015.

4.2.3 Extract from the presentation dated March 31, 2022: First quarter 2022 results (and supplements)

RISK-WEIGHTED ASSETS* (CRR2/CRD5, in EUR bn)

Update of the page 188 of the 2022 Registration Document



* Phased-in Risk-Weighted Asset including IFRS 9 phasing since Q3 20. Includes the entities reported under IFRS 5 until disposal

Phased-in Common Equity Tier 1, Tier 1 and Total Capital

Update of the page 187 of the 2022 Registration Document

In EURbn	31.03.2022	31.12.2021
Shareholder equity Group share	65.9	65.1
Deeply subordinated notes*	(8.2)	(8.0)
Undated subordinated notes*	0.0	0.0
Dividend to be paid & interest on subordinated notes ⁽¹⁾	(2.8)	(2.3)
Goodwill and intangible	(5.2)	(5.2)
Non controlling interests	4.4	4.6
Deductions and regulatory adjustments	(5.4)	(4.3)
Common Equity Tier 1 Capital	48.7	49.8
Additionnal Tier 1 Capital	8.2	8.1
Tier 1 Capital	56.9	57.9
Tier 2 capital	10.5	10.6
Total capital (Tier 1 + Tier 2)	67.5	68.5
Risk-Weighted Assets	377	363
Common Equity Tier 1 Ratio	12.9%	13.7%
Tier 1 Ratio	15.1%	15.9%
Total Capital Ratio	17.9%	18.8%

Ratios based on the CRR2/CDR5 rules as published in June 2019, including Danish compromise for insurance (see Methodology). Ratio fully loaded at 12.8% and IFRS 9 phasing at +12bp.

(1) The dividend to be paid is calculated based on a pay-out ratio of 50% of the underlying Group net income, after deduction of deeply subordinated notes and on undated subordinated notes

* Excluding issue premia on deeply subordinated notes and on undated subordinated notes

CRR leverage ratio⁽¹⁾

Update of the page 190 of the 2022 Registration Document

In EURbn	31.03.2022	31.12.2021
Tier 1 Capital	56.9	57.9
Total prudential balance sheet ⁽²⁾	1,450	1,300
Adjustments related to derivative financial instruments	(9)	9
Adjustments related to securities financing transactions ⁽³⁾	19	15
Off-balance sheet exposure (loan and guarantee commitments	122	118
Technical and prudential adjustments ⁽⁴⁾	(262)	(252)
<i>inc. central banks exemption</i>	(138)	(118)
Leverage exposure	1,319	1,190
Phased leverage ratio	4.3%	4.9%

(1) Based on CRR2 rules adopted by the European Commission in June 2019. Fully loaded leverage ratio at 4.3% (see Methodology)

(2) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries). 31.12.2020 amount restated on derivative financial instruments (previously adjusted for the leverage exposure).

(3) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other similar transactions

(4) Including reclassification of the miscellaneous adjustments (previously classified on the line relating to derivative exposures)

Financial conglomerate ratio

As at 31 December 2021, the financial conglomerate ratio was 150%, consisting of a numerator “Own funds of the Financial Conglomerate” of EUR 76.1 billion, and a denominator “Regulatory requirement of the Financial Conglomerate” of EUR 50.9 billion.

As at 31 December 2020, the financial conglomerate ratio was 153%, consisting of a numerator “Own funds of the Financial Conglomerate” of EUR 75.1 billion, and a denominator “Regulatory requirement of the Financial Conglomerate” of EUR 49.2 billion.

4.3 Asset quality

Update of the page 213 of the 2022 Universal Registration Document

Asset quality

In EUR bn	31.03.2022	31.12.2021	31.03.2021
Performing loans	561.3	543.9	512.5
<i>inc. Stage 1 book outstandings</i> ⁽¹⁾	491.3	479.9	442.2
<i>inc. Stage 2 book outstandings</i>	50.7	43.5	47.6
Non-performing loans	16.9	16.5	17.4
<i>inc. Stage 3 book outstandings</i>	16.9	16.5	17.4
Total Gross book outstandings*	578.2	560.4	529.8
Group Gross non performing loans ratio*	2.9%	2.9%	3.3%
Provisions on performing loans	3.1	2.8	3.1
<i>inc. Stage 1 provisions</i>	1.2	1.1	1.1
<i>inc. Stage 2 provisions</i>	1.9	1.7	2.0
Provisions on non-performing loans	8.4	8.4	8.9
<i>inc. Stage 3 provisions</i>	8.4	8.4	8.9
Total provisions	11.4	11.2	11.9
Group gross non-performing loans ratio (provisions on non-performing loans/ non-performing loans)	49%	51%	51%

*Note: *Figures calculated on on-balance sheet customer loans and advances, deposits at banks and loans due from banks, finance leases, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). The NPL rate calculation was modified in order to exclude from the gross exposure in the denominator the net accounting value of the tangible assets for operating lease. Performing and non-performing loans include loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning and so not split by stage. Historical data restated*

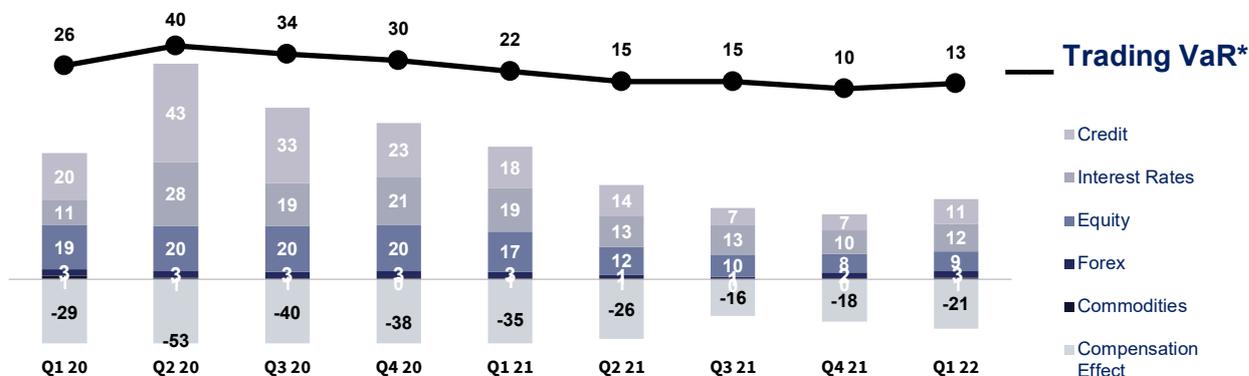
Data restated excluding loans at fair value through profit or loss which are not eligible to IFRS 9 provisioning

4.4 Change in trading VaR

Update of the pages 227 and 228 of the 2022 Universal Registration Document

Quarterly average 99% Value at Risk (VaR), a composite indicator used for the day-to-day monitoring of the market risks incurred by the bank, on the scope of its trading activities, in millions of euros

Change in trading var* and stressed var**



Stressed VAR** (1 day 99%, in EUR M)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Minimum	28	23	23	24	23
Maximum	43	48	58	64	48
Average	35	35	38	39	32

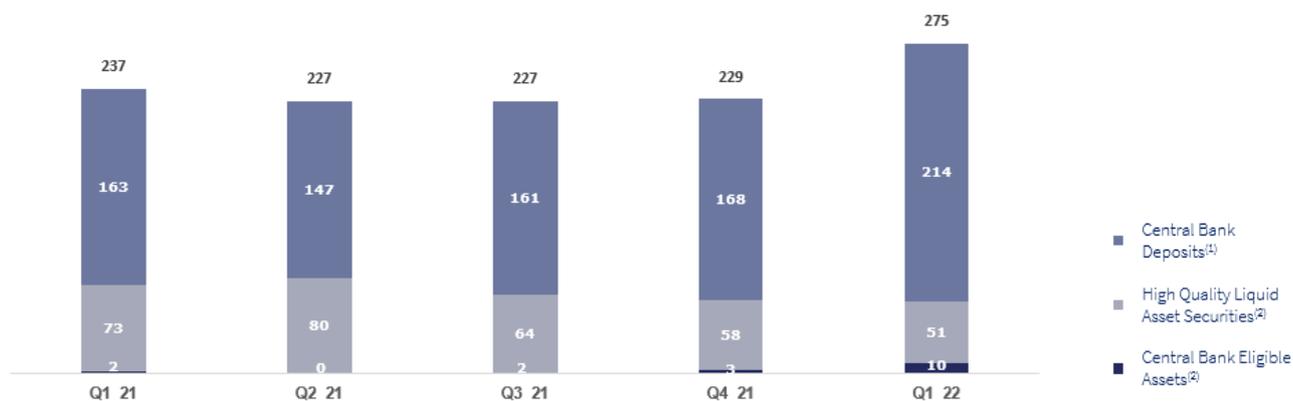
* Trading VaR: measurement over one year (i.e. 260 scenarios) of the greatest risk obtained after elimination of 1% of the most unfavourable occurrences

** Stressed VaR: Identical approach to VaR (historical simulation with 1-day shocks and a 99% confidence interval), but over a fixed one-year historical window corresponding to a period of significant financial tension instead of a one-year rolling period

4.5 Liquidity risk

Update of the page 248 of the 2022 Universal Registration Document

LIQUID ASSET BUFFER



Liquidity Coverage Ratio amounts to 137% on average for Q1 22.

4.6 Litigation

Update of the pages 259 and 534 of the 2022 Universal Registration Document

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.

- In August 2009, Societe Generale Private Banking (Switzerland) (“SGPBS”), along with several other financial institutions, was named as a defendant in a putative class action that was ultimately transferred to the US District Court for the Northern District of Texas. The plaintiffs sought to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs alleged that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants were responsible for those alleged losses. The plaintiffs further sought to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they were alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against SGPBS and the other defendants seeking similar relief. Following motions to dismiss, the Court ultimately in April 2015 permitted the substantial majority of the claims to proceed.

On 7 November 2017, the District Court denied the plaintiffs’ motion for class certification. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, which was rejected by the court of appeal on 3 February 2021, and the remaining group of plaintiffs initiated a separate action in Texas state court in Houston in November 2019, now pending in the Southern District of Texas.

- On 12 February 2021, all parties in the litigation filed motions for summary judgment. SGPBS seeks dismissal of all pending claims, and OSIC, renewing a prior unsuccessful motion for summary judgement seeks return of a USD 95 million transfer to SGPBS in 2008. Discovery has been completed.
- On 19 January 2022, the US District Court for the Northern District of Texas asked the Judicial Panel for Multidistrict Litigation to remand the case to US District Court for the Southern District of Texas in Houston, where it was originally filed, for further proceedings, including trial. The following day, on 20 January 2022, the US District Court for the Northern District of Texas ruled on the pending motions for summary judgment denying SGPBS’s and OSIC’s motions. The case was formally remanded to the Southern District of Texas in Houston by order of 28 January 2022.
- Notwithstanding the agreements reached in 2018 with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate (“the IBOR matter”) the dismissal on 30 November 2021 of the legal proceedings brought by the DOJ in this matter (see chapter 4.11 of the Universal Registration Document), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the “District Court”).

As to US Dollar Libor, all claims against Societe Generale were dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. The class plaintiffs and a number of individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit (“Second Circuit”). On 30 December 2021, the Second Circuit reversed the dismissal and reinstated the antitrust claims. 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 9 March 2022, Societe Generale and other defendants filed a petition with the U.S. Supreme Court seeking review of the Second Circuit’s ruling.

As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Second Circuit reversed the dismissal and reinstated the claims. On 30 September 2021, the District Court dismissed certain plaintiffs and all Racketeer Influenced and Corrupt Organizations Act claims but upheld certain antitrust and state law claims against Societe Generale. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange on 27 September 2019, plaintiff filed a motion for class certification. On 25 September 2020, the District Court granted defendants’ motion for judgment on the pleadings and dismissed plaintiffs’ remaining claims. Plaintiff has appealed to the Second Circuit.

As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs’ motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the Second Circuit.

In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that

paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, were named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs alleged that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs were seeking to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs appealed that ruling. On 6 April 2021, the Second Circuit permitted a new proposed class representative to intervene as a plaintiff in the appeal. The original proposed class representatives withdrew from the action. On 14 February 2022, the Second Circuit dismissed plaintiff's appeal for lack of standing leaving undisturbed the District Court's dismissal.
- On 10 December 2012, the French Supreme Administrative Court (Conseil d'Etat) rendered two decisions confirming that the "précompte tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "précompte tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts. Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringing a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale has continued to assert its rights with the competent courts and the tax authorities, which it expects to be treated diligently and in accordance with the law. On 23 June 2020, the Administrative Court of Appeal of Versailles issued a ruling in favour of Societe Generale on our 2002 and 2003 Suez claims, followed by a mid-July enforcement in our favour. The judgment of Versailles held that the advance payment was not compatible with the Parent-Subsidiary Directive: the French Supreme Administrative Court, which had also received a request for a priority question of constitutionality, also pointed out that the advance payment was incompatible with Article 4 of the Parent-Subsidiary Directive but that a question should be referred to the ECJ for a preliminary ruling in order to ascertain this. It is therefore now appropriate to await the response of the Court of Luxembourg, who should occur this year in 2022.
- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking compensation under the Cuban Liberty and Democratic Solidarity (*Libertad*) Act of 1996 (known as the Helms-Burton Act) stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. Plaintiffs filed a second amended complaint on 11 September 2020, in which it dropped the three other banks as defendants, added a different bank as an additional defendant, and added as additional plaintiffs who purport to be heirs of the founders of Banco Nunez. The court granted Societe Generale's motion to dismiss on 22 December 2021 but permitted plaintiffs to replead their claims. On 25 February 2022, plaintiffs filed an amended complaint, and on 11 April 2022, Societe Generale filed its motion to dismiss.
- On 9 November 2020, Societe Generale was named as a defendant, together with another bank, in similar Helms-Burton litigation filed in the US District Court in Manhattan (Pujol I) by the purported heirs of former owners, and personal representatives of estates of heirs or former owners, of Banco Pujol, a Cuban bank alleged to have been confiscated by the Cuban government in 1960. On 27 January 2021, Societe Generale filed a motion to dismiss. In response, as permitted by the judge's rules, plaintiffs chose to file an amended complaint and did so on 26 February 2021. Societe Generale filed a motion to dismiss to dismiss the amended complaint on 19 March 2021, which was granted by the court on 24 November 2021. The court 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.

5. PERSON RESPONSIBLE FOR THE FIRST AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT

5.1 Person responsible for the first amendment to the Universal Registration Document

Mr. Frédéric OUDÉA

Chief Executive Officer of Societe Generale

5.2 Statement of the person responsible

I hereby certify, after taking all reasonable measures for this purpose, that the information contained in this amendment to the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

Paris, on 6 May 2022

Mr. Frédéric OUDÉA

Chief Executive Officer of Societe Generale

5.3 Persons responsible for the audit of the accounts

STATUTORY AUDITORS

Name: Company Ernst & Young et Autres
represented by Mr. Micha Missakian

Address: 1/2, place des Saisons
92400 Courbevoie – Paris-La Défense
(France)

Date of appointment: 22nd May 2012

Date of renewal: 23rd May 2018

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31st December 2023

Name: Company Deloitte & Associés
represented by Mr. Jean-Marc Mickeler

Address: 6, place de la Pyramide
92908 Paris-La Défense Cedex
(France)

Date of first appointment: 18th April 2003

Date of latest renewal: 23rd May 2018

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31st December 2023

The companies Ernst & Young et Autres and Deloitte & Associés are registered as Statutory Auditors with the *Compagnie régionale des Commissaires aux comptes de Versailles*.

5.4 Declaration of the issuer related to the amendment

This first amendment to the Universal Registration Document has been filed on 6 May 2022 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

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

6. CROSS-REFERENCE TABLES

6.1 Cross-reference table of the amendment

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this amendment to the Universal Registration Document where the information relating to each of these headings is mentioned.

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1.4 Information sourced from a third party	NA	NA
1.5 Statement by the issuer	656	40
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